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SHULTZ-ORTEGA MEETING BRINGS HOPE FOR PEACE

OW031050 Beijing XINHUA in English 1030 GMT 3 Mar 85

["News Analysis: Hopes for Central America Peace Mount" -- XINHUA headline]

[Text] Beijing, March 3 (XINHUA) -- The Shultz-Ortega meeting in Montevideo yesterday failed to narrow differences between Washington and Managua but hopes for Central America peace have mounted. After his talks with Nicaraguan President Daniel Ortega, U.S. Secretary of State George Shultz told a press conference that the talks have virtually done nothing to change relations between the two countries. However, he said that the two sides did agree that "the center of negotiations must be the Contadora process and the sooner everyone gets back to that process the better."

Ortega said that the "most important proposal of the encounter" was his request that the talks between the two countries be resumed in Manzanillo, Mexico. The United States broke off those talks in January and Ortega did not say that Shultz had set conditions that prevent the resumption. "We encountered a closed position, but we have not lost hope that the U.S. Government will reconsider and change its position," Ortega said.

The situation in Central America has deteriorated as the United States exerts military pressure on Nicaragua and steps up its meddling in the region. To increase U.S. pressure on Nicaragua, U.S. President Ronald Reagan said at the first press conference of his second term that the United States would "remove" the present structure of the Nicaraguan Government. The Reagan administration is launching a campaign to get Congress to approve 14 million dollars in covert U.S. aid for rebels fighting the Sandinista government.

To meet Washington's threat, the Nicaraguan people have been mobilised against a possible U.S. invasion. At the same time, the Nicaraguan Government, in order to ease tension between the two countries and try to persuade the U.S. Congress not to approve the proposed aid for the rebels, has invited U.S. congressmen to visit Managua. Ortega also announced the withdrawal of Cuban military advisers from his country. Under such circumstances, the meeting between Shultz and Ortega has improved the atmosphere, political analysts said.

Nicaragua has announced that it will release Jose Urbina Lara, a Nicaraguan student arrested in the grounds of the Costa Rican Embassy in Managua. The case has blocked a Contadora-sponsored meeting of Central American countries since January. Shultz welcomed this move and said that he thought it would allow the resumption of Contadora peace efforts.

An aide to the Costa Rican president said that once the student had left Nicaragua, the Contadora Group would fix a date for a fresh meeting with Central American officials.

The breakthrough was achieved during intensive contacts between leaders attending the inauguration of a new president of Uruguay, including six Latin American presidents, the prime ministers of Spain and Italy and the representative of the European Community. Many difficulties still lie ahead for peace in Central America, but the Shultz-Ortega meeting has brought some hopes for peace in the region.

COMMENTATOR ACCUSES U.S. OF 'BULLYING' NICARAGUA

HK030155 Beijing CHINA DAILY in English 3 Mar 85 p 4

[By CHINA DAILY commentator: "Stop the Bullying"]

[Text] The U.S. Administration in Washington has recently resorted to more bullying over its small neighbour, Nicaragua. In January, it suspended bilateral negotiations

with Nicaragua and boycotted the International Court's hearings on a complaint by Nicaragua. Then it scuttled a Contadora-sponsored summit meeting of Central American countries scheduled for February 14, aimed at working out a peace treaty for the region. Meanwhile, starting on February 11, it conducted joint exercises, code-named "Big Pine III", with Honduras, which were obviously meant to rattle the sabre at Nicaragua.

Things came to a head last Thursday when President Ronald Reagan unashamedly called for the "removal" of the Nicaraguan Government "in the sense of its present structure" unless the latter would "turn around and say 'uncle'". Secretary of State George Shultz echoed the threat on the following day by urging more assistance to the so-called "freedom fighters" against the Sandinista government. He added that denial of more aid to the rebels would cause Nicaragua to fall into "the endless darkness of Communist tyranny."

The U.S. Government has been using all sorts of means, overt and covert, military and diplomatic, in an attempt to subvert the legitimate government of a sovereign state that is not to its taste. When all these have proved to be of no avail, it has now unscrupulously resorted to open intimidation. The United States has consistently claimed to be a "democratic" country that stands for justice and fairness in international relations. How can its insolent behaviour towards Nicaragua square with its pretentious claims? On the contrary, in the eyes of the world such is the characteristic behaviour of a hegemonist power.

Though a small country, Nicaragua is a sovereign state that has the right to choose its own form of government and determine its own course of action in world affairs. The United States may like or dislike this government and its policies. But it has no right at all to interfere, let alone seeking to "remove" it. If the United States can interfere in Nicaragua with impunity, other countries would by the same token claim that their invasion and occupation of Afghanistan and Kampuchea were "acts of defense". In that event, nothing else would prevail in the world except travesties of truth and justice.

Fortunately, there are sober voices in the United States. Senators David Durenberger and Patrick Leahy have said that although they did not like the Sandinista government, that did not mean they or President Reagan could support the overthrow of that government. They urged Reagan to drop his campaign for more aid to the anti-government rebels in Nicaragua. 'Tip' O'Neill, Speaker of the House of Representatives, said that he did not think Reagan would get his vote in the Congress for the aid. He urged Reagan to "restore our country's commitment to opposing aggression" by returning to peace talks.

Nicaragua has not been cowed by the blusterings of the U.S. Administration. Nicaraguan militias have been placed on higher alert in anticipation of a possible U.S. invasion. While pointing out that U.S. Congressional approval of more aid to the rebels would result in a catastrophic war in Central America, Nicaraguan President Daniel Ortega stressed that they will continue their struggle for peace. On Tuesday he said he was sending the United States a proposal for peace within Nicaragua and in Central America. He asked for renewal of bilateral negotiations with the United States and the resumption of regional peace efforts by the Contadora Group. On Wednesday, Ortega further disclosed that Nicaragua would postpone its arms purchases indefinitely and send home 100 Cuban advisers in order to seek a negotiated peace in Central America.

Reagan may have made his arrogant "removal" remark under the dizzying influence of his landslide re-election. But it is high time he came down from his pedestal to address the problem of treating a neighbouring state on an equal footing and in a cool, earnest and fair manner in the interest of peace in Central America.

PRC PARLIAMENTARY DELEGATION ON OFFICIAL VISIT

Delegation Leaves for USSR

OW030151 Beijing XINHUA in English 0141 GMT 3 Mar 85

[Text] Beijing, March 3 (XINHUA) -- A delegation of the Chinese National People's Congress left here this morning for a friendly visit to the Soviet Union at the invitation of the Supreme Soviet. It is led by Zhang Chengxian, member of the N.P.C. Standing Committee and also includes Zhang Zhixiang and Mei Xing, members of the N.P.C. Standing Committee, and N.P.C. Deputy Shi Shan. Secretary-general of the delegation is Yan Mingfu, deputy secretary-general of the N.P.C. Standing Committee.

Seeing the delegation off at the airport were member of the N.P.C. Standing Committee Hu Keshi, Deputy Secretary-General of the N.P.C. Standing Committee Wang Houde and officials of the Department of Soviet Union and East European Affairs of the Chinese Foreign Ministry, and Soviet Ambassador to China I.S. Shcherbakov.

Group Arrives, Lays Wreath

OW031622 Beijing XINHUA Domestic Service in Chinese 1428 GMT 3 Mar 85

[By reporter Tang Xiushan]

[Text] Moscow, 3 Mar (XINHUA) -- A delegation of the PRC National People's Congress arrived by plane today for a friendly visit to the Soviet Union. The delegation, led by Zhang Chengxian, member of the NPC Standing Committee, was invited by the Presidium of the USSR Supreme Soviet.

Zhang Chengxian said in a written statement at the airport that the Chinese side attaches great importance [fei chang zhong shi 7236 1603 6850 6018] to the visit, which is the first contact between the parliaments of the two countries after years of suspension. The main mission of the delegation is to exchange experience in parliamentary activities with the Supreme Soviet and to convey the friendly feelings of the Chinese people to the Soviet people.

The delegation was met at the airport by A. Voss, chairman of the Soviet of Nationalities; B. Pastukhov, chairman of the State Committee for Publishing Houses, Printing Plants, and the Book Trade; Vysotin, chief of the International Relations Department of the Supreme Soviet; and (Rogachev), collegium member of the Soviet Foreign Ministry. Also greeting the delegation at the airport were Chinese Ambassador to the Soviet Union Li Zewang and other staff members of the Chinese Embassy.

In the afternoon, the delegation laid a wreath at Lenin's Tomb. Written on the ribbons of the wreath were the words: "To the great teacher of the proletariat V.I. Lenin." The delegation also laid a wreath on the Unknown Soldiers Tomb. Written on the ribbons were the words: "Eternal glory to the heroes who sacrificed their lives in the anti-fascist war."

NEW PRC ENVOY MEETS KUZNETSOV, KORNIYENKO

OW031323 Beijing in Russian to the USSR 1800 GMT 2 Mar 85

[Text] Li Zewang, new PRC ambassador extraordinary and plenipotentiary to the Soviet Union, on the afternoon of 1 March presented his credentials in the Kremlin to Kuznetsov, first deputy chairman of the USSR Supreme Soviet Presidium. During the meeting, Li Zewang and Kuznetsov expressed hope for further improvement in Chinese-Soviet relations. The credentials presentation ceremony was attended by Menteshashvili, secretary of the USSR Supreme Soviet Presidium; and Kapitsa, USSR deputy foreign minister; as well as Gao Shikun, counselor at the Chinese Embassy in the Soviet Union, and other officials. Ambassador Li Zewang arrived in Moscow on 24 February. In connection with the presentation of credentials, on 27 February he paid a visit to Korniyenko, acting USSR foreign minister.

HEILONGJIANJ. HOLDS EXHIBIT SALE AT SOVIET CITY

SK020521 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 28 Feb 85

[Text] According to HEILONGJIANG RIBAO, our province held an exhibition of export commodity samples at the coastal city, Kavalerovo, of the Soviet Union from 5 to 8 February. The exhibition was sponsored by the provincial Foreign Trade General Corporation and the Soviet Far East Foreign Trade Corporation during their trade talks held at the city. The more than 1,000 exhibited samples include commodities from the textile industry, light industries, indigenous and animal products, and foodstuffs. During the exhibition, the Soviet Far East Foreign Trade Corporation invited more than 150 commercial workers and leading cadres from the three Soviet coastal regions to view the samples. Of these exhibited commodities, 143 categories were fixed for deals by the Soviet side, of which, 70 categories are textile commodities; 35 categories, light industrial commodities, 33 categories, indigenous and animal products; and 5 categories, foodstuffs. On the basis of these commodity deals, the two corporations will hold other trade talks.

XINJIANG BOOSTS TRADE WITH SOVIET UNION

OW020710 Beijing XINHUA in English 0645 GMT 2 Mar 85

[Text] Urumqi, March 2 (XINHUA) -- The two-way trade value between the Xinjiang Uygur Autonomous Region and the Soviet Union is expected to treble that of last year, according to the region's foreign trade department. The total weight of the imports and exports will come to 195,000 tons, double the total amount for 1983 and 1984. Since China-Soviet Union trade resumed in 1983, Xinjiang's export to the Soviet Union covered by the trade agreement between the two countries has grown apace. The total import and export volume reached more than 144 million Swiss francs over the past two years.

The region's import and export this year will rise to nearly 179 million Swiss francs, including 105 million Swiss francs of import and 73.5 million Swiss francs of export. The figure does not include the import of a TU-154 passenger plane.

According to contracts signed, Xinjiang will export long-staple cotton, printed cotton cloth, thermos flasks, filature silk, goat hair, knitwear, and other goods, while importing rolled steel, fertilizer, refrigerators, trucks and cars. The trade volume agreed between China and the Soviet Union this year is expected to come to 4.6 billion Swiss francs, up from 3.6 billion in 1984.

JAPANESE GROUP MEETS DENG XIAOPING, OFFICIALS

Delegation Arrives

OW011152 Beijing XINHUA in English 1126 GMT 1 Mar 85

[Text] Beijing, March 1 (XINHUA) -- A Japanese delegation composed of some 100 executive members of small and medium-sized enterprises arrived here this afternoon for exchanges with their Chinese counterparts. Led by Noboru Goto, chairman of the Japan Chamber of Commerce and Industry, the delegation has come at the invitation of the China International Trust and Investment Corporation (CITIC).

Speaking to the press at the airport, Goto said the delegation intended to study China's rapid economic development in the last two years in order to promote cooperation between the two countries. Such cooperation had so far focused on large projects, Goto said. His delegation would try to divert it toward cooperation between small and medium-sized enterprises, he added.

The Japan Chamber of Commerce and Industry is an influential non-governmental organization. The delegation, representing 500 local chambers in various parts of Japan, is the largest ever sent by the chamber of China. Song Ziming, vice president of CITIC, and Yosuke Nakae, Japanese ambassador to China, greeted the delegation at the airport.

Song Ping Meets Group

OW021111 Beijing XINHUA in English 1046 GMT 2 Mar 85

[Text] Beijing, March 2 (XINHUA) -- Trade between China and Japan hit an all-time record 12 billion U.S. dollars last year, Chinese State Councillor Song Ping told a delegation from the Japan Chamber of Commerce and Industry here today. China would put more stress on good economic results in order to ensure steady and harmonious development, said Song, who is also minister in charge of the State Planning Commission.

Song predicted that the economic plan for 1985, the last year of the sixth five-year plan, would be overfulfilled. Sino-Japanese trade should continue to make progress, he said, adding that he hoped the Japanese industrialists present would play the role of a bridge in expanding bilateral trade.

The delegation, led by Chamber Chairman Noboru Goto, included 100 executives representing small and medium-sized Japanese businesses. His organization would make new efforts to promote economic and technical cooperation between such enterprises in China and Japan, Goto said.

Chen Muhua on Trade

OW021543 Beijing XINHUA in English 1451 GMT 2 Mar 85

[Text] Beijing, March 2 (XINHUA) -- China will attend the World Import Conference in Osaka scheduled for this March, and the Japan-China investment meeting in Nagoya scheduled for November. This was announced by Chinese State Councillor and Minister of Foreign Economic Relations and Trade Chen Muhua during her meeting with a delegation from the Japan Chamber of Commerce and Industry led by its chairman, Noboru Goto, here today.

Chen said the two-way trade between China and Japan set a record last year and has potential and broad prospects for further expansion. She expressed her belief that the Osaka and Nagoya get-togethers will positively promote the two countries' economic and trade growth.

It was learned that the Nagoya session, which has won support from all Japanese commerce and industry chambers, will be held mainly in the form of separate business negotiations. Meanwhile, corporations from 43 countries and regions have so far registered to attend the Osaka conference and hold exhibitions.

Japan Needed as Partner

OW030844 Beijing XINHUA in English 0830 GMT 3 Mar 85

[Text] Beijing, March 3 (XINHUA) -- Vice-Premier Yao Yilin reassured a visiting Japanese delegation here this morning that China needed a long-term cooperative partner as Japan in boosting her industrial development. Addressing the Japan Chamber of Commerce and Industry delegation led by Noboru Goto in a meeting at the Great Hall of the People Yao said all countries which prove themselves daring in investing in and providing equipment and technologies to China would become her partner in the course of her industrialization.

China needed next sixty to seventy years or even longer time to bring her economy to the world advanced level, he noted. "We particularly welcome up-to-date technologies from other countries," he said. He said, China had a big home market and was developing industry primarily to meet the needs of the home market. China was yet unable to become a big exporter of industrial products, the vice-premier told the Japanese delegation. From a long-term point of view, he added, China needed Japan as a partner in order to promote her industrial development. He also said China did not hope to be a big grain exporter.

The vice-premier told the Japanese visitors that China would persist in the policy of opening to the rest of the world. He hoped that the delegation's visit would be another good beginning in the two countries' economic exchanges. Noboru Goto asked Yao to convey a letter from Japanese Prime Minister Nakasone to Chinese Premier Zhao Ziyang.

Rong Yiren, chairman of the board of directors of the China International Trust and Investment Corporation, and Yosuke Nakae, Japanese ambassador to China, attended the meeting.

Yao Yilin on Open Zones

HK040540 Beijing ZHONGGUO XINWEN SHE in Chinese 1017 GMT 3 Mar 85

[Report: "Yao Yilin Says That in the Next Step, China Will Open Shandong and Liaodong Peninsulas to the World"]

[Text] Beijing, 3 Mar (ZHONGGUO XINWEN SHE) -- "In the next step, China will expand its open zones to the Shandong and Liaodong Peninsulas." Yao Yilin, vice premier of the State Council, revealed this important information to a group of Japanese guests today. This morning, while meeting a Japanese commercial and industrial association delegation comprised of 100 persons, Yao Yilin briefed the delegation on China's economic development and answered questions from the Japanese guests.

Yao Yilin said: China's economy will be developed according to the established principle of quadrupling production by the end of this century. Viewed from the present situation, production will increase twofold or a little higher by 1990, exceeding the proposed plan. But it will slow down in the second 10 years, as the rate of economic development will be restricted by various factors such as energy, communications, and raw and semifinished materials.

Yao Yilin said: China will not remain a grain exporting country for a long time nor will it become a big grain exporting country in the world. China merely has a little surplus grain, averaging 400 Jin per person. Such a grain surplus will remain for a period of time. Nor will China become a country that will export large quantities of industrial products, since the domestic market for industrial products will expand and production should meet domestic demand. From a long-term viewpoint, this will be beneficial to cooperation between Japan and China.

Yao Yilin reiterated that China's open-door foreign policy will not change. On the principle of one country, two systems and one country implementing two types of policies, he said: The implementation of different policies in different areas of China is a longstanding fact, since China has a large territory and population and the development of its economy is out of proportion. For example, the open-door policy is carried out mainly in the coastal areas. While answering a question put by some of the Japanese guests, he pointed out the special economic zones are not free economic zones and will not become a second Hong Kong.

Deng on World Economy

HK041100 Beijing ZHONGGUO XINWEN SHE in Chinese 0821 GMT 4 Mar 85

[Report: "Deng Xiaoping Says: It Is Hard for Developed Countries To Continue To Develop if the Problem of Poverty of the Third World Is Not Solved"]

[Text] Beijing, 4 Mar (ZHONGGUO XINWEN SHE) -- "The crucial matter of strategic importance in the present world can be summed up in the following four words: East, West, South, and North. The matter of peace is related to East and West, while the matter of economy is related to South and North." Deng Xiaoping made these remarks this morning when meeting a Japan Chamber of Commerce and Industry delegation.

Deng Xiaoping held cordial talks with the Japanese guests for approximately an hour. During the meeting, President Noboru Coto passed on Prime Minister Nakasone's hand-written message to Deng Xiaoping.

Deng Xiaoping said: Such a large delegation sent by the Japan Chamber of Commerce and Industry to China will undoubtedly promote the economic development of our two countries. You have large numbers of small and medium-sized enterprises. Since the founding of the PRC, we have carried out constructive cooperation with Japan's small and medium-sized enterprises. The result of your strategic vision is such a positive attitude.

In discussing the problem of the world economy, Deng Xiaoping said: Europe, the United States, and Japan are developed countries. They are now confronted with the problem of seeking a way out for their capital, trade, and markets. If this problem is not solved their economic development will be checked.

Third World countries account for three-fourths of the world's population. In the world today, which has a population exceeding 4 billion, it is inconceivable for the economic development of 1 billion people to be established on the poverty of 3 billion people. Although some Third World countries have improved their conditions at present, most of them are still in a state of extreme poverty. With regard to the economic problem, it would be hard for the developed countries to continue to develop if the problem of poverty of the Third World is not solved.

Deng Xiaoping said: China's foreign trade just exceeded U.S. \$50 billion in 1984. The world market will be expanded if this figure is doubled to U.S. \$100 billion. Our contacts with other countries will grow if the figure can reach U.S. \$200 billion. Some people worry that China's development and increased exports of goods will in turn affect the exports of the developed countries. There is an element of competition in this matter. Why should the developed countries be afraid when they have advanced technology and large numbers of high quality commodities? To put it briefly, if the South is not developed, it will be very difficult for the North to seek a way out for their capital and commodities.

Wang Zhen, honorary president of the China-Japan Friendship Association, and Rong Yiren, chairman of the board of directors of the China International Trust and Investment Corporation, were also present at the meeting.

The Japan Chamber of Commerce and Industry delegation arrived in Beijing on 1 March. The delegation left Beijing this afternoon to continue its visit to Shanghai, Guangzhou, and Shenzhen.

Deng on Forces for Peace

HK041150 Beijing ZHONGGUO XINWEN SHE in Chinese 0823 GMT 4 Mar 85

[Report: "Deng Xiaoping Says: There Continues To Be the Danger of War, But There Has Been Heartening Development of the Force That Curbs War"]

[Text] Beijing, 4 Mar, (ZHONGGUO XINWEN SHE) -- Deng Xiaoping observes that there continues to be the danger of war, but that there has been heartening development of the force that curbs war. He told this to Japanese visitors on the morning of 4 March. Deng Xiaoping expressed the above view while discussing the relation between China's development and world peace when he received the Japan Chamber of Commerce and Industry delegation, comprised of 100 members led by Noboru Goto, at the Great Hall of the People.

According to Deng Xiaoping, in reference to China's development, people analyze whether it is favorable or harmful to them from their own specific viewpoint. Deng Xiaoping said: I should like to look at this question from a political angle. We can explicitly and definitely say that China is a steady force for world peace and security. The more powerful China becomes, the more reliable peace will be. Many people hold that China was belligerent in the past. The fact was that we went through 25 years of war (including the Korean war, which I have mentioned on many occasions).

The late Chairman Mao Zedong and the late Premier Zhou Enlai said on many occasions that China wanted peace most. During the leadership of Mao Zedong and Zhou Enlai, stress was laid on opposing hegemonism and the superpowers.

They are the root cause of war. Here, I am referring to world war, not war on a small scale. None except the superpowers are qualified to fight a world war. China is not qualified to do so, neither are Japan and Europe. To oppose hegemonism is to safeguard world peace. Since the smashing of the "gang of four," the national policy we have drawn up is to safeguard peace while opposing hegemonism.

Deng Xiaoping emphatically pointed out: At present the strength of world peace is growing. We should note that the danger of war continues to exist. We do not see any progress in the talks on nuclear and space weapons, and we feel that the danger of war continues to exist. However, there is heartening development in the power to curb war. To my knowledge, Japan does not want war; neither does Europe. The power of the Third World is developing, and this includes China. China's development is an important factor in the development of the power of peace and is favorable to world peace and the stability of the Asia and Pacific region.

People are all talking about the international "big triangle;" however, the power of our corner is rather weak. China is a big nation with a large area and population, but it is simultaneously a small and developing nation. I could say that our power to curb war is small at present, but when it develops, the power of peace will greatly be strengthened. I can be so bold as to say that when China arrives at the level of a comfortably well-off society by the end of the year 2000, it will certainly play a marked role in the peace undertakings of mankind and the stability of the world situation.

ZHAO ZIYANG GREETS JAPAN'S PRODUCTIVITY CENTER

OW011233 Beijing Domestic Service in Mandarin 2230 GMT 28 Feb 85

[Text] On 28 February Premier Zhao Ziyang cabled his greetings to (Jiang-si Hao-ping), chairman of Japan's Productivity Center [Sheng chan xing ben bu], on the occasion of its 30th founding anniversary.

The cable expressed that with the friendship and cooperation between the Productivity Center and the departments concerned in China will continue to develop, and that the friendship between the Chinese and the Japanese people will go on from generation to generation.

WANG ZHEN AT SINO-JAPANESE FAST FOOD CEREMONY

OW011108 Beijing XINHUA in English 1038 GMT 1 Mar 85

[Text] Beijing, March 1 (XINHUA) -- An agreement was signed here today on establishing a joint Sino-Japanese fast food company in Beijing.

The company, called the Chinese Beijing Suntory-Green House Snack Company, are the Suntory Co. and the Green House Co. Ltd of Japan, and the Chinese International Trust and Investment Corporation (CITIC), the Beijing Corporation of State Farms, the Minrong Co. of Beijing and the Beijing Branch of the Agricultural Bank of China.

Funded with an investment of five million U.S. dollars, the new joint venture will supply snacks and fast food lunches for government offices, middle and primary school students and tourists in Beijing.

Construction of the factory is scheduled to start in April. The facility will be completed by October, and will open by the end of this year. The factory will produce in the first stage 50,000 box lunches a day, 60 percent of them for local students.

Today's signing ceremony was attended by honorary president of the China-Japan Friendship Association Wang Zhen and Chairman of the Board of Directors of the China International Trust and Investment Corporation (CITIC) Rong Yiren.

LI PENG MEETS JAPANESE CORPORATION PRESIDENT

OW040918 Beijing XINHUA in English 0844 GMT 4 Mar 85

[Text] Beijing, March 4 (XINHUA) -- Chinese Vice-Premier Li Peng met with Shozo Yokogawa, president of the Japan Hokushin Yokogawa Electric Corporation, and his party here today.

A major instrument and meter producer in Japan, the corporation has signed agreements on technology transfer with Chinese cities including Xian, Shanghai, Beijing, Harbin and Chongqing.

At the meeting, Li exchanged views with the Japanese visitors on matters related to joint venture and cooperation in renewing equipment in existing Chinese factories.

S. KOREAN OPPOSITION LEADERS TO FIGHT TOGETHER

OW020735 Beijing XINHUA in English 0857 GMT 2 Mar 85

[Text] Pyongyang, March 2 (XINHUA) -- South Korea's well-known democratic figure Kim Tae-chung and former head of the New Democratic Party Kim Yong-sam will fight together in the struggle for democracy South Korea.

Reports from Seoul reaching here said the two opposition leaders declared in a joint statement on February 28 that they would cooperate with each other in organizing and expanding democratic forces to oppose any form of dictatorship.

They urged the South Korean authorities to restore freedom of speech, release immediately all the arrested students and establish a democratic electoral system.

They also accused the South Korean authorities for trying to separate and sow discord between them.

This was the first formal statement jointly issued by the two opposition leaders since Kim Tae-chung returned to South Korea on February 8 after two years of exile in the United States.

Observers here believed that their statement would bring up considerable impact on South Korea's largest opposition party, the New Korea Democratic Party, and the democratic movement of the students and workers in South Korea.

COVERAGE OF LI XIANNIAN VISIT TO BURMA, THAILANDBurma Prepares Welcome

OW031914 Beijing XINHUA in English 1859 GMT 3 Mar 85

["Rangoon Splendidly Decorated To Welcome Chinese President (by Zhao Xinkao, Wang Jinlan)" -- XINHUA headline]

[Text] Rangoon, March 3 (XINHUA) -- Rangoon, capital of Burma, is permeated with festive air these days, showing that the warm-hearted and friendly Burmese people are looking forward to the arrival of Li Xiannian, president of the People's Republic of China. Li Xiannian and his wife Lin Jiamei begin a five-day state visit to Burma tomorrow at the invitation of Burmese President U San Yu. The Burmese Government and people are making various preparations for welcoming the Chinese guests.

Gaily decorated gates and flags of the two countries have been placed along the road from the airport to the first state guesthouse where Li Xiannian is to stay. The major buildings in the city have taken on a new look after renovation and colored flags flutter in the breeze. At night, the square in front of the parliament building and the area round the world famous great Golden Pagoda are brilliantly illuminated with lines of colored lights.

A reception committee headed by U Tint Swe, minister for industry 1, was set up one month ago in charge of the preparations for the visit.

In the past few days, the Burmese television broadcast special programs on China. Some newspapers here carried editorials and articles, hailing the ever growing friendship of brotherhood between Burma and China and wishing President Li's tour a new chapter on the annals of the Burmese-Chinese bond of friendship.

Visit Will Improve Trade

OW020134 Beijing XINHUA in English 0113 GMT 2 Mar 85

[Text] Beijing, March 2 (XINHUA) -- Sino-Burmese trade in 1984 was worth nearly twenty million U.S. dollars, said sources here today. China's main exports to Burma were textiles, hardware, light machinery and chemical and light industrial products. Burma's to China were rice, jade and timber.

Burma recognized the People's Republic of China in 1950, soon after its establishment. Since 1961, the Chinese Government has given Burma several interest-free loans to build factories and sports and transportation facilities.

During the last five years, Burma has imported Chinese equipment to set up a monosodium glutamate factory and expand production of a sugar mill. Chinese aid projects have helped the Burmese economy and promoted friendship between the countries and peoples.

Exchange of goods is still small in varieties, but visits between government officials have helped trade and economic relations. As Chen Muhua, Chinese state councilor and minister of foreign economic relations and trade, told visiting Burmese Deputy Prime Minister U Tun Tin last year, China is willing to improve Sino-Burmese trade relations and exchange of goods. Chen said this should not be restricted to governmental contacts.

Chinese President Li Xiannian's coming visit will improve trade and economic relations.

Burmese Press Welcomes Visit

OW031738 Beijing XINHUA in English 1641 GMT 3 Mar 85

[Text] Rangoon, March 3 (XINHUA) -- Burmese newspapers have recently carried editorials and articles to welcome President Li Xiannian's visit to Burma. The English language newspaper THE WORKING PEOPLE'S DAILY says in an editorial today: "The exchange visits of the leaders of Burma and China, their friendly and cordial exchange of views and subsequent mutual agreement will not only further strengthen good-neighbourly ties and friendship but also pave the way for expansion and promotion of economic cooperation of the countries."

Editor in chief of another English newspaper THE GUARDIAN U Soe Myint wrote on February 28: "The two countries have been friendly neighbours since ancient times and there exists a profound traditional friendship between the two peoples. After the establishment of diplomatic relations between Burma and People's Republic of China, the relations between the two countries have continued their deep and steady development." He recalled that in 1954 Burma and China jointly initiated the Five Principles of Peaceful Coexistence as the principles guiding their relations and that they co-operated closely to establish the five principles on an even wider basis at the Bandung Conference in 1955.

"In 1960 the two countries settled the boundary question and concluded the boundary treaty after friendly consultations. This not only further prompted the friendly relations between the two countries but also set a good example for the settlement of boundary questions between nations," he said.

He said Burma is looking forward to the visit which "will serve to still further strengthen the traditional ties of friendship between the two peoples."

The Burmese language WORKING PEOPLE'S DAILY also carried a signed article to praise the leaders of the two countries for maintaining good neighbourliness and relations of mutual respect and following the Five Principles of Peaceful Coexistence in handling regional and world issues. The article noted that the friendship established by the leaders of the two countries has been growing on a solid foundation.

Chinese President Li Xiannian's visit to Burma will further strengthen the friendly relations between the two peoples and promote the cooperation of the two countries in the political, economic and cultural fields, the article concluded.

Departs Beijing

OW040642 Beijing XINHUA in English 0630 GMT 4 Mar 85

[Text] Beijing, March 4 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamei left here this morning to pay a five-day state visit to Burma and Thailand respectively at the invitation of Burmese President U San Yu and King Bhumibol Adulyadej of Thailand. Li is the second Chinese president to visit Burma following the late President Liu Shaoqi's visits there in 1963 and 1966. But Li is the first Chinese president to visit Thailand.

Li's visits coincide with celebrations for the 35th anniversary of the establishment of Sino-Burmese diplomatic ties and the 10th anniversary of the Sino-Thai diplomatic relationship.

Li is expected to hold talks with Burmese and Thai leaders on bilateral relations and international issues of common concern. Li said in an interview with XINHUA late last week that expanding friendly relations with neighboring countries including Burma and Thailand had an important place in China's foreign policy.

Seeing the Chinese president off at the airport were Zhao Ziyang, premier of the State Council; Ulanhu, vice president of the People's Republic of China; Yang Shangkun, vice-chairman of the Central Military Commission; Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee; Zhou Gucheng, vice-chairman of the National People's Congress Standing Committee; and Chen Muhua, state councillor.

Principal members of Li's entourage, State Councillor Ji Pengfei and his wife Xu Hanbing; Vice-Minister of Foreign Affairs Liu Shuqing; Deputy Chief of the Chinese People's Liberation Army General Staff Xu Xin; Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian; and special assistant Tao Siju left by the same plane.

Wang Zhaoguo, director of the General Office of the C.P.C. Central Committee, other senior Chinese officials, U Kan Nyunt, charge d'affairs ad interim of the Burmese Embassy here, and Orachun Tanaphong, Thai ambassador to China, also saw Li off at the airport.

Arrives in Rangoon

OW040830 Beijing XINHUA in English 0814 GMT 4 Mar 85

[Text] Rangoon, March 4 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamei arrived here at 14:30 local time today for a five-day state visit at the invitation of Burmese President U San Yu.

Li is the first Chinese head of state to visit Burma since the late Chinese President Liu Shaoqi paid a visit to this country in 1966. China and Burma are good neighbors with traditional friendly relations. Since the establishment of diplomatic relations in June 1950, leaders of the two countries have exchanged many visits. The latest were Chinese Premier Zhao Ziyang's visit to Burma in January 1981, and President U San Yu's tour in China last October.

During his stay, Li is expected to meet U Ne Win, chairman of the Burma Socialist Programme Party, and hold talks with President U San Yu on bilateral relations and major international issues.

Li is accompanied on the visit by State Councillor Ji Pengfei; Vice Foreign Minister Liu Shuqing; Deputy Chief of General Staff of the Chinese People's Liberation Army Xu Xin; and Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian.

RENMIN RIBAO Editorial

HK041048 Beijing RENMIN RIBAO in Chinese 4 Mar 85 p 1

[Text] President Li Xiannian is to leave Beijing today for a state visit to Burma and Thailand at the invitation of President of the Socialist Republic of the Union of Burma U San Yu and King of the Kingdom of Thailand Phumiphon Adunyadet. The visit by the Chinese head of state, his second to Burma and first to Thailand, is an important event in the history of Sino-Burmese and Sino-Thai relations. The visit will further promote the friendly and cooperative relations between our country and Burma and Thailand, as well as have great impact on safeguarding peace in Asia. We wish complete success for President Li's visit.

Burma is close neighbor of China and one of the countries that recognized us immediately after the founding of the country. China and Burma are linked by the same mountains and rivers and cherish deep fraternal feelings for each other. A traditional friendship like that between kin exists between the people of the two countries. In the past 35 years since the establishment of diplomatic relations, the two countries have sympathized with and supported each other and maintained close friendly relations. In the 1950's, China, Burma, and India cosponsored the Five Principles of Peaceful Coexistence, which promoted Sino-Burmese relations to an unprecedented level. Under the guidance of the five principles, the two countries have successfully settled the complicated border issue and set an example of relations based on neighborliness and friendship. Chinese and Burmese leaders have exchanged visits on many occasions. President Li Xiannian's visit to Burma and reunion with the Burmese leaders to relive the friendship and strengthen the cooperation will certainly further contribute to further development of Sino-Burmese friendly relations.

A long history of contacts and profound friendship has existed between China and Thailand. The relations between the two countries have become closer with each passing day, particularly since the establishment of Sino-Thai relations. In the past 10 years since the establishment of diplomatic relations, with the common efforts of the governments and peoples of the two countries, friendly relations have developed in an overall manner. The two countries have scored gratifying achievements in learning from each other's strong points to offset their own weaknesses and in continuously expanding economic, trade, and scientific and technological cooperation. A close relationship of mutual trust and support has been fostered between China and Thailand. President Li's visit will certainly promote further development of the friendship and cooperation between the two countries.

China, Burma, and Thailand are all developing countries and concerned about safeguarding universal peace and the peace and stability in Southeast Asia. They have dedicated themselves to economic construction in their own countries, pursued an independent and peaceful foreign policy, and called for developing relations between countries on the basis of the Five Principles of Peaceful Coexistence. We all value our own independence and sovereignty and are opposed to interference in the internal affairs and to occupation of territory of other countries. At present, due to Vietnam's invasion of Cambodia, the peace and security of Southeast Asia, Thailand in particular, has been seriously threatened. A just and reasonable solution to the Cambodia question is a matter of grave concern to the countries in Southeast Asia. Through President Li's visit, the Chinese Government and people will, together with the governments and peoples of Burma and Thailand, continue to make efforts to seek a political solution to the Cambodia question in accordance with relevant resolutions of the UN General Assembly and to safeguarding peace and stability in Southeast Asia.

Strengthening friendship and unity with various Third World countries and developing political, economic, scientific, technological, and cultural ties with them is a basic point of our country's peaceful foreign policy. We believe that President Li's visit will certainly open up a new chapter in Sino-Burmese and Sino-Thai friendly relations and cooperation.

RENMIN RIBAO ON EASING INDO-PAKISTANI RELATIONS

HK010739 Beijing RENMIN RIBAO in Chinese 27 Feb 85 p 6

[Commentary by staff reporter Shi Zongxing: "Indo-Pakistani Relations Tend To Ease"]

[Text] Since the beginning of this year relations between India and Pakistan have shown signs of relaxation. Three events occurring in the past month or so have brought hope for the early resumption of the normalization process in the relations between the two countries.

The first event was the decision of the Pakistani Government to try the Sikhs who hijacked two Indian airliners. According to some reports, the trials will probably be held next month. The Indian Government has positively appraised this decision of the Pakistani Government. Prime Minister Rajiv Ghandi said this represents "the first positive step in improving relations between the two countries."

The second event was the opening of tourism between the two countries. According to an agreement reached in October last year, India and Pakistan will respectively receive 8,000 tourists from the other side starting this year. The tourism development companies of the two countries are reportedly making vigorous and appropriate arrangements for this. The first touring party from Pakistan is expected to go to India in mid-March. India and Pakistan have mutually opened their gates wide to tourists from the other side for the first time since they were divided into two separate sovereign states in 1947.

The third event was the bilateral talks between the Indian and Pakistani secretaries for foreign affairs during the South Asian regional cooperation standing committee meeting held in Male, capital of Maldives, in early February. This was the first contact between the two secretaries for foreign affairs since the talks were suspended last July. Bhandari, Indian secretary for external affairs said, that the discussion was "detailed and useful"; Naik, Pakistani secretary for foreign affairs, held that the meeting had "brought bright prospects" for resuming the normalization process in the relations between the two countries. Many diplomatic figures in both New Delhi and Islamabad held that the talks on the "non-war treaty" (a "treaty of peace and friendship" according to the Indian proposal) between the two countries are expected to be resumed after the conclusion of the Pakistani general elections and the Indian State Assembly elections.

Moreover, in recent months, the principal leaders of both India and Pakistan have continuously taken advantages of various opportunities to express their good intentions regarding improving the relations between the two countries. In his telegram of congratulations to Rajiv Ghandi for Indian National Day on 26 January, Pakistani President Ziaul Haq again earnestly indicated: "The Pakistani Government will do its utmost to strengthen the understanding, confidence, and trust between India and Pakistan." President Zia also went personally to the Indian Embassy in Islamabad to offer congratulations on the Indian National Day. In his recent speech in the upper chamber of the Indian Parliament, Indian Prime Minister Rajiv Gandhi again said that President Zia's remarks to him in New Delhi last November were "inspiring" and that "India is ready to respond."

After undergoing a period of strained relations, Indo-Pakistani relations are again tending to ease. This is a gratifying event. India and Pakistan are the most influential countries in the South Asian subcontinent. Whether they are able to live in harmony and friendship has a strong bearing on the peace and stability in the entire region. Therefore, people hope that the current trend of relaxation will develop further, that normalization of relations will progress at a great pace, and that the long-standing aspirations of the peoples of both countries will gradually be realized through practical actions taken by both sides.

COMMENTARY ANALYZES PAKISTAN ELECTION RESULTS

OW021350 Beijing XINHUA Domestic Service in Chinese 1512 GMT 28 Feb 85

[Commentary by XINHUA reporter Li Yongbang: "Initial Analysis of General Elections in Pakistan"]

[Text] The first National Assembly elections in Pakistan since President Ziaul Haq took office in 1977 were held on 25 February.

The fairly high turnout at the polls was quite unexpected. Before the elections, the opposition parties and the present government had heated arguments over questions like whether a candidate should run as a member of a political party or as an individual contender, and so on. Since no agreements could be reached between the two sides, some opposition parties called upon voters to boycott the elections. Violence, which resulted in casualties, was reported in some places during the elections. Public opinion in Pakistan was concerned over the turnout. However, the election results showed that 51 percent of the 34.85 million voters went to the polls, as compared to the average of 45 percent in the last two general elections. President Ziaul Haq himself stated before the elections that he would be satisfied with a turnout of 40 percent. The turnout at this election is undoubtedly favorable to the consolidation of President Ziaul Haq's position.

On the other hand, five of President Ziaul Haq's Cabinet ministers and one of his advisers were defeated in this election. Of the five defeated ministers, Defense Minister Talpur's defeat was spectacular, because public opinion in Pakistan had speculated for some time that he would be the premier of the new government. Raja Zafarul Haq, minister of information and broadcasting, who had played an important role in propaganda and religious affairs in Pakistan, was also defeated this time. Nevertheless, some observers believe the defeat of these ministers will not affect the stability of President Ziaul Haq's regime. The day the election results were published, President Ziaul Haq dissolved the Cabinet, and asked eight members of his Cabinet who did not run in the elections to continue working until the new Cabinet was formed.

This general election was an important step toward preparing Pakistan for the abolition of military control. Pakistan has scored remarkable achievements in economy, cultural undertakings, education, and other fields in recent years. People's living standards have improved. The overall situation is stable. President Ziaul Haq has said that military control will be abolished stage by stage within a few months after the election, and that the revised version of the now suspended Constitution of 1973 will be published as soon as possible. The current National Assembly election will undoubtedly play a positive role in further promoting stability in Pakistan. The stability and development of Pakistan directly affect peace and stability in South Asia. They have become more important under the present uneasy situation resulting from Soviet invasion of Afghanistan.

UK ECONOMIC, TRADE DELEGATION CONTINUES VISIT

Talks With Chen Muhua

OW011544 Beijing XINHUA in English 1443 GMT 1 Mar 85

[Text] Beijing, March 1 (XINHUA) -- Chinese state Councillor and Minister of Foreign Economic Relations and Trade Chen Muhua held talks with visiting British Minister Without Portfolio Lord David Young, who is leading an economic and trade delegation, here today.

It was learned that the two sides exchanged views on further expanding Sino-British economic and trade cooperation. The two ministers agreed that there are very broad prospects for bilateral trade.

Chen briefed Young on China's economic growth, and economic relations and trade with other countries in 1984. Expressing her satisfaction with the development of Sino-British economic and trade relations over the past few years, she said trade between the two countries had made new progress. She expressed the hope that British entrepreneurs will be more cooperative in transfer of technology and facilitate China's export trade.

Young said he was very glad to see the growth of British-Chinese trade and fruitful cooperation in such fields as civil aviation, telecommunications, coal production and astronautics. He said Britain will cooperate closely with China in many fields.

Taking part in the talks on the Chinese side were Vice-Minister of Foreign Economic Relations and Trade Jia Shi and officials of other relevant government departments; and on the British side, British Ambassador to China Sir Richard Evans and members of Young's party. The talks were preceded by an exclusive meeting between Chen and Young.

This morning, Lord Young and his party, and Chinese Chemical Industry Minister Qin Zhongda discussed new fields of cooperation in the chemical industry.

Attends Banquet

OW011554 Beijing XINHUA in English 1453 GMT 1 Mar 85

[Text] Beijing March 1 (XINHUA) -- Chinese State Councillor and Minister of Foreign Economic Relations and Trade Chen Muhua called for stronger cooperation and mutual help between China and Britain, here tonight.

She said that the common interests of China and Britain call for their continued efforts to make up each other's deficiencies through stronger cooperation and mutual help. She made this statement at a banquet she gave for a British economic and trade delegation led by Minister Without Portfolio Lord David Young.

Chen said, "The settlement of the Hong Kong issue has opened a splendid new chapter in the history of our bilateral relations." She commented, "Since early last year, progress has been achieved to various degrees in cooperation in such fields as oil, coal, aviation, chemicals, electronics, transportation, building materials and telecommunications." She listed some major contracts signed between the two countries since last spring: the purchase of British aircraft by CAAC and a steel radial tyre project between Dunlop and the Chao Yang tyre plant in China's Liaoning Province.

Young said, "The negotiation of the joint declaration on the question of Hong Kong was indeed a unique achievement." He continued, "China's recent economic progress has been outstanding, and British companies are anxious to cooperate with China on a basis of equality and mutual benefit."

I. 4 Mar 85

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PRC INTERNATIONAL AFFAIRS
WESTERN EUROPE

Meets With Rong Yiren

OW020947 Beijing XINHUA in English 0846 GMT 2 Mar 85

[Text] Beijing, March 2 (XINHUA) -- Rong Yiren, chairman of the board of directors of the China International Trust and Investment Corporation, met a British trade delegation led by Minister Without Portfolio Lord David Young here this morning. They discussed ways to further cooperation between the two countries, focusing on questions related to joint ventures.

Talks With Various Ministers

OW021556 Beijing XINHUA in English 1513 GMT 2 Mar 85

[Text] Beijing March 2 (XINHUA) -- British Ambassador to China Sir Richard Evans and Lady Evans gave a reception at the embassy here tonight for a visiting British trade delegation led by Minister Without Portfolio Lord David Young. Chinese Vice-Minister of Foreign Economic Relations and Trade Jia Shi and officials of other government departments were present.

While in Beijing, Lord Young has had meetings with Chinese Minister of Agriculture, Animal Husbandry and Fisheries He Kang, Minister of Water Resources and Electric Power Qian Zhengying, Director of the Civil Aviation Administration of China Shen Tu and Minister of the Metallurgical Industry Li Dongye, at which they discussed expansion of cooperation between the two countries.

LI PENG, YOUNG ATTEND PRC-UK CONTRACT SIGNING

OW041044 Beijing XINHUA in English 1030 GMT 4 Mar 85

[Text] Beijing, March 4 (XINHUA) -- A seven-year contract for technical cooperation between the Beijing dump truck plant and the Aveling Barford International Ltd of Britain was signed in the Great Hall of the People here this morning.

According to the contract the British side will transfer the know-how for designing, manufacturing, assembling and marketing RD030 and RD025 dump trucks, used in the mining industry. At the same time, China and Britain also signed a protocol on cooperation between the China National Aero-Technology Import and Export Corporation and Rolls-Royce Ltd for the production of aircraft engines. A memorandum of understanding on collaboration in telecommunications development and construction was signed between the Chinese Ministry of Posts and Telecommunications and Cable and Wireless of Britain.

Chinese Vice-Premier Li Peng attended the signing ceremony. Also present were British Ambassador to China Sir Richard Evans and a visiting British trade delegation led by Minister Without Portfolio Lord David Young.

'EXCERPTS' OF WAN LI DEC 1984 SPEECH ON RURAL WORK

OW010629 Beijing XINHUA Domestic Service in Chinese 0829 GMT 28 Feb 85

["Excerpts" of speech by Wan Li at national rural work conference on 14 December, 1984; Beijing XINHUA Domestic Service in Chinese at 1248 GMT on 28 February notes that the "full text" will be published in issue No 5 of HONGQI of 1985]

[Text] The nation's current political and economic situation is gratifying. Because of the whole party's heightened consciousness in implementing the line, principles, and policies set forth by the 3d Plenary Session of the 12th CPC Central Committee and the 12th party congress, and because of the progress of the second stage of party rectification, the whole party is politically more united, and the nation's situation of stability and unity has become increasingly more consolidated. The economy is thriving, certain targets stipulated in the Sixth 5-Year Plan have already been overfulfilled 2 years ahead of schedule, and the people's material and cultural lives have been gradually improving on this basis.

Particularly noteworthy is the improvement of the peasants' living standard during the past 5 years, which was faster than any other period in the past. In 1982 the total value of agricultural output of 138 counties in the nation was double that of 1978, and that of Li, Bin, and Wucheng Counties and Wuxi Municipality increased by more than 200 percent. Our is the country with the greatest number of peasants. The 800 million peasants' ardent support for the party's policies and their unprecedented enthusiasm in developing a commodity economy and educational and scientific work are of inestimable significance for our country's prosperity.

The development of the rural situation in 1984 was surprising in many respects. Output again increased in all areas of production following the bumper agricultural harvest in 1983. The 800 million peasants' income increased steadily, the rural areas become an important pillar of the domestic market for industrial goods and are playing an increasingly powerful role in giving impetus to the nation's economic development. Generally speaking, the rural areas' most conspicuous characteristic lies in their increasingly momentous development of a commodity economy. During the 1983 national rural work conference I stressed that secretaries of county party committees and county magistrates must assume overall responsibility for the entire economic situation and should not merely function as agricultural secretaries or county magistrates in charge of good production. Actual experiences show that this exhortation has attracted nationwide attention. The achievements and progress leading departments at all levels accomplished in organizing commodity production in 1984 were inseparable from the heightened awareness of the guiding thought.

Rural reform has given impetus to urban reform. In accordance with the principle of integrating fundamental Marxist theories with China's actual situation, the 3d Plenary Session of the 12th CPC Central Committee earnestly summed up the experiences and lessons gained and learned in the past 30 years or so since the founding of the republic -- and especially the experiences gained in the rural and urban reforms during the past 6 years -- and made the decision to restructure the national economy, focusing on the urban economy. We can anticipate that a great revolution revitalizing China -- a revolution with far-reaching historic significance -- will create even more favorable conditions for the next reform in the rural areas, replacing the rural areas' self-sufficient or semi-self-sufficient economy with a commodity economy, and replacing traditional agriculture with modern agriculture.

Releasing even greater vitality, urban reform will create more and better means of production and means of living for the rural areas and promote a large-scale proliferation of science and technology, qualified personnel, and information in the rural areas, and this will put forward new and even higher demands for rural development, requiring, in particular, the agricultural sector to produce more, better, and more varied agricultural goods. A situation where cities and rural areas cooperate, help each other forward, develop together, and become increasingly prosperous will appear. Comrade Deng Xiaoping pointed out that we will build a socialist society with distinctive Chinese characteristics. This could be a highly important characteristic.

However, we must see soberly that our country is, after all, a comparatively poor and backward nation. We still have to traverse a long process of arduous pioneering work before we can build it into a modern, powerful socialist nation. The current achievements are no cause for satisfaction. We also must see that we do not have enough experience or qualified personnel to organize a socialist commodity economy; in fact, we are deficient and weak in this respect. Our old ideas and conventions no longer meet the needs of economic development, and we must study anew and go through the process of adjustment as soon as possible. This calls for leading cadres at various levels in the rural areas to be bold in making experiments and innovations in practice; be earnest in studying the advanced experience at home and abroad; dare to forego the outworn things and change all the incompatible things in terms of ideas, systems, policy, and work style; break away from things that hinder reform; and give meticulous guidance in accordance with natural and economic laws. Leading cadres must also be good at grasping the new situations, summing up new experience, and resolving new problems.

The new problems emerging in the current rural work can mainly be summarized as follows:

1. On the Change in Rural Production Structure

Food is of utmost importance to the people. Agriculture is the foundation of the entire national economy. We must have a clearer understanding of this issue. For a long time our agriculture has been based on a single-product structure, taking grain as the key link. Owing to "leftist" ideas and policies, we have not been able to solve the problem of grain and cotton shortage despite all-out efforts. Since the 3d Plenary Session of the 11th CPC Central Committee, the party has set right the line, principles, and policies for guiding rural work. The CPC Central Committee understands that the readjustment of the agricultural structure and the rehabilitation of peasants must be based on the foundation of grain. Therefore, determination was made to import some grain, and to raise appropriately the purchasing price for grain, cotton, edible oil, and other agricultural products at home. However, no one could foresee that policies would be so effective, and that the contract system of fixing output would play such an important role in accelerating the development of agriculture and boosting output of grain and cotton to such substantial quantities. Over the past 6 years, regardless of changes in weather, increases have been consistently reported in the production of the major agricultural products so that many localities face problems in "selling," "storing," and "transporting" grain. Cotton faces the same problem. The general alleviation of the longstanding grain shortage is a great achievement of rural policies over the past several years. This achievement has provided the material foundation and favorable conditions for China's agriculture change toward large-scale commodity production and toward modern agriculture. This is indeed a rare historical opportunity. Moreover, the present surplus grain situation is only, comparatively speaking, a temporary phenomenon. From a long-range point of view, as the people's livelihood rises to a comparatively prosperous level, and the people's diet gradually changes from one consisting only of grain to one containing more meat, milk, fowl, and eggs, 800 jin of grain per person would be insufficient.

Besides, we must also be prepared to deal with possible serious natural calamities. Hence, to store a little more grain is advisable. Of course, the change from grain to production of more meat, milk, fowl, and eggs must call for comparable social purchasing power. If the change is too fast and the purchasing power fails to catch up, there will be sales problems. In 1983, the state procured several tens of billions more jin of grain, and the peasants stored several tens of billions more jin of grain. With 1984 another bumper harvest year, there were huge accumulations of commodity grain in a short time. This is indeed a new problem that we are required to solve. "The cleverest housewife cannot cook a meal without rice." Now, rice is in surplus, and we need more "clever housewives." This shows that we lack the capability to transform the large-scale production of commodity grain and cotton. Therefore, I feel that we should coin the following slogan: "Let everyone learn to become clever housewives in transforming the structure." We must firmly grasp the favorable opportunity of surplus grain and cotton to accelerate change in the rural production structure. Following development of rural commodity production, many counties and provinces have conducted surveys, zoning, and planning of agricultural resources. Hence, a great deal of progress was made in understanding the local natural, economic, and human geography. Consequently, much improvement has also been made in guidance concerning economic work and leadership over reform. However, we must also seek to further improve understanding and use the point of view of systems engineering to elucidate the entire content and inherent law of the rural production structure.

Agriculture, forestry, animal husbandry, sideline occupations and fishery are the foundation and should be adjusted proportionally. In order to socialize and commercialize agriculture, it is necessary to break away from the traditional concept of "the countryside means agriculture" and establish a scientific concept of modernized rural production structure, that is the concept of the whole and multiple production in the rural areas. We should use this concept to guide the change in the structure of rural production. In other words, we should study the entire rural economy, develop a favorable situation in line with local conditions, act in accord with natural and economic laws, protect and promote an ecological balance, and gradually turn the rural economy into a favorable cycle. Specifically speaking, we should do the following:

First, in areas suitable for planting grain crops, we should do a good job in planting them. We should strive to raise unit yield, increase varieties according to market need, and gradually raise quality to advanced world levels. Land unsuitable for planting grain should no longer be used for that purpose but instead used for forestry, animal husbandry, or fishery production. Land sloped at or above a 25 degree grade must not be used for cultivation. Of course, we should change the use in a systematic manner according to the actual situation. The state can make adjustments and ship grain to places where the supply of grain may be inadequate. A main reason for unproductive land in some places is damage to the ecological balance and environment.

Second, it is necessary to promote the comprehensive operation of agriculture, industry, and commerce. In particular, food grain should be processed in several ways to increase its value. In places with surplus corn and soybeans, we should speed up the development of animal husbandry, fishery, and other forms of animal husbandry in order to transform the use of grain.

Third, it is necessary to adjust the agricultural structure according to market needs and national conditions. Economically developed coastal areas and the suburbs of large and medium cities may be exempted from or reduce grain procurement. Those areas should plant less or even stop planting cotton and grain crops.

In accordance with the policy of serving the cities and helping people get rich, those places should develop economic crops with local special characteristics, promote open and suburban types of agriculture through "attracting outside funds and establishing links with other places" and speed up commercialization of agriculture.

For example, the people in the Liaonan [6697 2589] area installed large plastic sheds in the fields and used solar energy instead of fuel to produce chives, cucumbers, and other fresh winter vegetables. Three to four crops can be produced within one cycle (8 months). The investment per mu of land was 400 to 500 yuan but economic results exceeded 10,000 yuan. I think they can vigorously develop such production according to market needs and furnish the whole province and sell to Jilin, Heilongjiang, Nei Monggol, and other localities. Guangdong is adjacent to Hong Kong and Macao and so it can make arrangements for production according to market needs in Hong Kong, Macao, and Guangzhou. The economy in mountainous areas should be further developed in an open manner through setting up development funds or other methods. We should change from giving money and things to setting policy, creating opportunities, importing technology, and sending capable people to those areas. We should change from giving free support to support on condition of repayment. We should change from "infusing areas with blood" to raising the capability of those backward areas in "creating blood." We should utilize local mineral resources, lumber, medicinal herbs, and other resources to develop commodity production. We can also go all out to plant fruit trees and flowers or develop tourism in some places if conditions permit. Various provinces can establish economic cooperation in the spirit of mutual benefit. For instance, Jiangxi and Hunan can sell rice to Fujian and Guangdong at appropriate prices in order to give full play to the superiority of those provinces in producing grain. Producing grain can also lead to wealth.

Fourth, we should adjust the proportion of primary, secondary, and tertiary industries, and gradually shift farm labor to secondary and tertiary industries and constantly raise their economic, technical, and operational level. We should now vigorously develop industries with relatively low technological requirements, such as communications and transportation, mining and construction. Those industries can absorb large numbers of farm laborers and make use of the manpower flexibly to make money. They can also provide a foundation for the development of other rural industries and achieve a multipurpose goal. The central authorities have decided to distribute a certain quantity of grain and cotton to subsidize peasants who take part in building highways. Various provinces should strive to do this well. Priority should be given to the peasants' operation of processing industries which use materials from the rural areas, such as food and fodder processing and the building materials industry. At present, the output value of processing industries using agricultural and sideline products as materials only accounts for 73.7 percent of the total agricultural output value. Compared to developed countries, there is a big gap. We must strive to increase the output value of processing industries using agricultural and sideline products to 100 - 200 percent of the total agricultural output value.

Tertiary industry, which is a weak link in rural economic development, includes mostly labor-intensive trades. It is necessary to promote vigorously the tertiary industry and gradually increase the number of personnel engaged in the industry to over 30 percent of the total labor force. Moreover, where conditions permit, localities may develop modern rural industries similar to those of cities in order to speed up the process of spreading urban industry to rural areas.

In a word, we must do everything we can to change the planting of grain crops to the cultivation of other crops. It is necessary to seize the current opportunity of relative plenty in grain and cotton supplies to effectively restructure agriculture, industry, and the labor force in order to change the occupation distribution of the Chinese population and reduce the proportion of people engaged in farming.

Only by doing so can we gradually concentrate farmland in the hands of farming experts, appropriately expand the production scale of farm produce, further increase the yield per unit area and labor productivity, coordinate the development of various rural industries, maintain sustained growth in rural development, continuously raise peasants' income and consumption level, and make the rural commodity economy more thriving. Since the convening of the 3d Plenary Session of the 11th CPC Central Committee, the peasants have been happier year after year and they should be made even happier year after year following the convening of the 3d Plenary Session of the 12th CPC Central Committee.

In 1985, the state will institute the policy of purchasing a fixed amount of grain and cotton. In areas where the peasants' income has doubled or tripled because of grain and cotton output increases in recent years, this policy may temporarily affect the peasants' income if they fail to readjust the agricultural structure in good time. This is a major problem which, if not properly handled, may discourage peasants and, therefore, should be duly attended to. From the central down to the local governments, it is necessary to emancipate the mind and seek solutions to the problems of selling grain and cotton, which have been further complicated by the current contradictions among the pricing, financial, and circulation systems. It is necessary to pool the wisdom and efforts of all quarters and reform the system in a planned manner. In my opinion, we should reduce the area of cotton while continuing to pay close attention to grain production, but with an emphasis on readjusting the structure of crop variety. In deciding the purchasing amount and price of agricultural products, it is necessary to consider all interacting factors, attach great importance to protecting the enthusiasm of the broad masses of peasants, and adopt direct and indirect methods to ensure the peasants of the sustained growth in their income.

2. On the Question of Village and Township Enterprises

In the past, village and township enterprises were placed in a difficult situation because they were blamed in some quarters, for competing with big industrial enterprises in cities for new materials, energy sources, and markets or even for causing unhealthy practices. The rapid development of village and township enterprises in 1984 explains that more and more people have become aware of the importance of village and township enterprises. However, in order to further promote their development, it is necessary to earnestly study and solve a few questions concerning the understanding, policy, and work.

First, we lack a comprehensive understanding of the concept of village and township enterprises. It is incorrect to regard only cooperative enterprises collectively owned by the masses of former townships, villages, and production brigades as village and township enterprises while excluding or even discriminating against enterprises run by peasants with their own funds or with funds raised among themselves in recent years. As a matter of fact, enterprises jointly run by the peasants or by individual peasants have become an important factor for the continued development of village and township enterprises in many places, and their total output value constitutes more than half of the total output value of the village and township enterprises. Therefore, it is necessary to encourage and support the enterprises jointly run by the peasants or by individual peasants and treat them the same as other rural enterprises, without discrimination.

Second, in the leadership system, we should persist in separating government from enterprise functions and should not indiscriminately requisition the financial and material resources of village and township enterprises. The situation of unauthorized change of administrative authority over village and township enterprises and indiscriminate requisitioning of the peasants' collective property under the pretext of reform or turning it over to specialized departments is rather serious in some localities.

It is necessary to investigate problems and duly handle them. It is also necessary to separate government from enterprise functions in former commune- and brigade-run enterprises and, through instituting various contracting systems, turn the enterprises into the peasants' collective economic entities. The peasants should be given a free hand in operating enterprises jointly set up by them or by individual peasants, and local governments should not willfully interfere in the operation but should step up guidance in various fields and render service to improve the operation.

Third, we should establish a reasonable tax system. Taxes should be collected; but in collecting taxes, we should carry out the relevant guidelines set by the central authorities and act in such a way as to be conducive to the development of production and to fostering and conserving our tax resources. In no way should we adopt the method of "killing the hen to get the eggs" just because we want to make immediate gains. I think that there are three ways to collect taxes from village and town enterprises. One is "giving before receiving," which is the moderate policy. And the third is "receiving without giving" or "killing the hen to get the eggs." This is the worst policy. We should persist in implementing the best or moderate policy and avoid adopting the worst.

With the gradual development of the work of urban reform, village and township enterprises will face a new challenge. To progress in competition, village and township enterprises must take positive efforts to consolidate themselves. They must attach importance to market information and make marketable products. They must raise their technological level, be adept at operations and management, reduce their production costs, and improve their product quality. Only thus can they have a sound footing and continue to grow in strength.

3. On the Questions of Rural Banking Work and the Accumulation of Peasants' Funds

The change in the rural production structure involves the recombination of various elements of production. In this process, funds play an especially important role as a "binder" and a "cracking catalyst." With a certain amount of funds, it will be possible to motivate and "bind together" other elements of production, promote specialization and division of work, and form a real production force. Because of this, funds are an indispensable basic element in reforming rural production structure and developing a commodity economy. From now on, each year there should be a large amount of the rural labor force diverted from work on the land to new production projects. To provide this labor force with necessary facilities and develop new production projects requires a considerable amount of funds. In the next few years, however, it will be impossible for the state to largely increase its investment in agriculture, so it is necessary to depend mainly on bank loans and self-provided funds. The close combination of production development and the borrowing and loaning of funds is one of the basic conditions for socialized mass production. It follows that we must fully understand the position and role of banking in the commodity economy. Leadership at all levels should learn how to use banking as a tool and pay attention to understanding banking. Agricultural banks and credit cooperatives are principal channels through which funds in rural areas are pooled together. In the past few years, they did a great deal of useful work. However, our banks in the past were somewhat like fund-distributing administrative organs, and their position was subordinate to the financial department. They were not adept at extensively absorbing the idle funds in society and then using these funds in a reasonable way. They are currently far from competent in undertaking the arduous tasks. It is imperative to speed up their structural reform and to appropriately develop the people's credit within a certain scope. Now our peasants have begun to have money. Though individually it is not much, altogether the amount is about several dozen billion yuan.

The question is that we should learn how to put money together, how to use money, and how to make money. In recent years, all localities have deemed it important to organize peasants to raise funds. In some counties, the amount raised is as much as 30 or 40 million yuan. Raising funds by the masses has a clear aim and yields very quick results. The great mass fervor that appeared in 1984 in raising funds in rural areas was closely linked with the rapid development of village and township enterprises. In 1984 alone, seven counties in Zhejiang Province raised 270 million yuan; and as a result over 10,000 new village and township enterprises were established in a short time. Practice has proven that raising funds by the masses is not a pure financial activity, but more often than not it is a comprehensive process in which fund-raising, as the central task, motivates the flow and recombination of various resources, talented personnel, technology, and the labor force. For this reason, it can quickly result in a productive force, facilitate the flow of funds from one place to another, and assist in the diffusion of talented personnel and technology. The advantages derived from raising funds by the masses have made up for the limitations of banks and credit cooperatives due to structural problems that have so far not been resolved. These advantages are, therefore, warmly welcomed by the peasants. We should get enlightenment from this for reforming banks and credit cooperatives. In some localities, the masses act blindly in using the funds they have raised. Because of this, the departments concerned should make more efforts to guide them.

Some regional economic associations organized by peasants have appeared in the developed coastal areas. These economic associations have rather sizable genuine strength in terms of financial resources, expertise of personnel, and technology. In addition to meeting local competition, they have begun to make investments in backward areas. This is a good way to develop backward areas. While using their funds in other areas, they have to make arrangements to send necessary personnel and technology to those places. This will be conducive to using the funds successfully and receiving economic benefits. It is hoped that the two sides will make more contacts to establish and develop such relations of mutual assistance and benefit. The competent departments of the government should also provide convenience for this kind of inter-area economic development and joint economic operations and set up rules to give them preferential treatment in taxation and in other aspects.

To ensure that more of the peasants' money will be used for developing production, small energy projects (such as small hydroelectric power stations, biogas producers, small coal mines, and projects utilizing wind power and solar energy), and public utilities, it is imperative to ban all kinds of unreasonable apportionments of expenses in order to reduce their burden. Now there exists a general problem in those areas with developed village and township enterprises -- that is, village and township enterprises are asked to support everything and [words indistinct] in the name of "run by the local people and subsidized by the state." According to an investigation conducted in Xushi Township of Changshu, Jiangsu Province, the nonproductive social burden on the village and township enterprises accounts for (25.6) percent of the total amount of funds they set aside for turning over to [words indistinct]. Document No 1 issued by the CPC Central Committee in 1984 contained a measure for defining the items and limiting the amounts of burdens imposed on peasants, but it has not been seriously implemented in many localities, and the peasants' burdens have increased rather than lessened. Every province should examine the problem in this respect, make a serious effort to solve it, and resolutely ban unreasonable apportionment of expenses.

Continued efforts should be made to correct earnestly the "jealousy" against specialized households; otherwise, other peasants would not dare to become prosperous or to reveal their affluence. This has a very harmful effect on the development of the commodity economy and the raising of funds in rural areas.

Therefore, attention should be paid to protecting specialized households and various kinds of cooperative economy, and their legal rights and interests should be protected by the law. Each locality should set up some necessary rules, regulations, and statutes; and when conditions are ripe, unified laws should be strictly enforced; otherwise, they will become but scraps of paper.

4. Establishment of a New Type of Socialist Urban-Rural Relationship

We cannot reform the rural production structure by merely relying on the efforts in rural areas without the support of the advanced productive forces in cities. The all-round development of urban reform has provided a good opportunity for the further development of rural areas.

Making arrangements for urban productive forces to spread to rural areas step by step in a planned way is a strategic measure concerning the overall development of the urban and rural economies. In September 1984, I mentioned the experience of the Beijing No (??) washing machine plant. This plant makes "White Orchid Brand" washing machines and has arranged to have 98 percent of the machine parts made in rural areas. In the past 5 years, the plant building has not been expanded, and there has been no big increase in the number of its workers and staff members, but output and profit have increased 30 and 50 times respectively. In the meantime, it has helped develop the economy in a vast expanse of countryside. People call this the "White Orchid road," which is of nationwide universal importance. In recent years, all localities have gained numerous experiences in this respect that are worth learning. For example, they have formulated different credit-loan and tax policies for urban and rural areas, [words indistinct], and developed joint operations by taking position actions and exploiting the favorable conditions in cities and the countryside. All such experiences should be summed up and popularized in a serious manner. The CPC Central Committee and the State Council have already made the decision that cities can lead their surrounding counties; that is, cities are taken as centers for developing the economy. From now on, cities should open their city doors, and villages should open their "village doors." All comrades, whether they are doing rural or urban work, should take the overall urban and rural economic situation into consideration. They should strive to eliminate the barriers of one kind or another between cities and the countryside, promote the urban-rural economic association, and gradually set up a new type of production structure between the urban and rural areas characterized by division of work and involving a variety of fields.

The most effective and important diffusion of urban productive forces to the rural areas is the spread of talented people. It is impossible to enliven the economy in the rural areas without competent people. This is one thing the peasants have become more and more aware of now. In the past, it was said that "there will be no stability without agriculture, no abundance without industry, and no vitality without commerce." By 1984, the saying had another clause added to it: "There will be no prosperity without talent." Aside from the questions of structure and ideology, the problem of development of the rural commodity economy lies mainly in transportation, information, energy, and especially knowledge and talented people. In the final analysis the competition between urban and rural enterprises is one of intellectual power. In order to forge ahead through competition, village and township enterprises must strive to raise their intellectual level. Our current education, qualified people's job placement, and management systems are far behind the needs of the development of a commodity economy and should be speedily reformed. Some localities attach great importance to the reform of rural education. They have been offering vocational education and technical training to the peasants by vigorously running various types of rural schools of science and technology and general education and have already gained remarkable results. In the future, the diffusion of competent people from the cities should be promoted more closely with the efforts in this area in order to speed the dissemination of science and technology.

In these few years, scientists and technicians working in rural areas have played a very important role in rural development to the welcome of the masses of peasants. They deserve commendations and material rewards by the party and government.

As a commodity economy develops in the rural areas, the importance of building small cities and towns is becoming more obvious. I am both happy and apprehensive about this. I hope that there will be rapid development in building them. But I am also afraid that unguided and blind development might hurt the peasants. China now has over 5,000 organizationally established towns and some 5,400 towns that are not. In addition, there have emerged a number of prototype burgeoning towns with a very promising future. If the building of so many towns is carried out all at once, it inevitable will cause the following problems: First, diversion of the forces, absence of any focal point, prolonged construction, and slow results; second, comparatively more enormous investments incompatible with the financial resources of the state and the peasants; and third, use of more cultivated land and great difficulty in making reasonable utilization of the land, which will bring about especially serious consequences. Therefore, I feel this construction should be relatively concentrated by focusing attention first on those localities which have already taken the initial shape of a small city and those relatively larger towns which are organizationally established. We should make early decisions regarding the integration of towns and townships in which villages will be placed under the leadership of towns and map out construction plans that will allow an appropriate expansion in the scale of their arrangements. We should also make early decisions on further relaxing the policy to encourage the peasants to come to the towns to run the small enterprises already there by entering bids, signing contracts or taking out leases, or building new enterprises, operating tertiary industry businesses, and jointly investing in the construction of basic facilities in the cities and towns. The Ministry of Urban and Rural Construction and Environmental Protection and the departments concerned should pay close attention to such work as buildings design, the supply of building materials, the layout of the cities and towns, and the demonstration of techniques. They should strive to build with high efficiency a number of small cities with fairly large capacities and complete facilities where the land is more economically used.

5. On the Question of Strengthening and Improving Party and Government Service to and Leadership Over Rural Work

The reform of the rural production structure and development of large-scale commodity production have brought about many new contradictions and problems which require us to master many methods and means we have had little or no knowledge of in the past. For this reason, it is imperative to strengthen and improve party and government service to and leadership over rural work and realize a fundamental change in terms of ideology and method. This is to say, we must emphasize the need to seek truth from facts in doing everything to creatively implement the central authorities' principles and policies in close connection with the specific conditions in each different locality. Under the guidance of the general principles and policies, various localities may formulate some supplementary rules and regulations to make policies more relevant and applicable. We should make efforts to learn how to apply more frequently such economic levers as price, taxation, and credit to stimulate the operation of the economy, give full scope to the functions and powers of the state through formulating laws, decrees, and regulations and learn how to apply the law. It was pointed out in the decision of the 3d Plenary Session of the 12th CPC Central Committee that reform is aimed at establishing a dynamic socialist economic structure and promoting the development of social productive forces in order to meet the increasing material and cultural needs of society as a whole. It is therefore necessary to handle correctly the relations between the interests of the state, the collective, and the individual. If the reform carried out in a department or unit is aimed at promoting the interests of a part at the expense of the whole, of a unit itself at the expense of society, or even of an individual at the expense of the people, then the reform must be resolutely opposed and stopped because it runs counter to the guidelines of the central authorities.

In keeping with the development of the situation in the rural areas, reform of the administrative structure at and below the county level should be stepped up. I think all administrative organs of the state from the county, township, and town all the way down to the village level should do a good job in serving the development of a commodity economy. First they should ensure that principles and policies are implemented well. They should also concern themselves with legislation, with providing guidance for the macroeconomic plan -- including information dissemination, control, and coordination -- and with education. Counties, townships, and towns must make a good effort in promoting primary and secondary school education. In short, administrative intervention in specific economic activities should be drastically curtailed. Administrative organs should be streamlined. This can be done by various localities in accordance with their respective local conditions. Do not seek to establish an organ just because there is one at the upper level. Do not mechanically copy what others are doing.

The county is where urban and rural economies merge. It is the basic unit with fairly compete economic functions of Chinese society. Comprehensive reform at the county level will transcend and stage of microeconomic development, relax microeconomic activities, and alleviate the contradiction characterized by incompatible macroeconomic coordination. This will make the state more capable of guiding economic activities, promoting urban and rural economic ties, removing barriers between the urban and rural areas, harmonizing differences in interests between urban and rural areas, and giving impetus to overall development of urban and rural areas. This is the inevitable development of the reform of the rural economic structure of the earlier period. It also represents a major link in current urban reform. It is hoped that all localities will boldly carry out explorations and reforms.

In accordance with the party Central Committee's arrangements, county and primary level organizations are scheduled for party rectification during the next phase. For party rectification to promote the economy and reforms, we should first make further efforts to eliminate the "leftist" influence through party rectification, do away with the old concept of natural economy, foster the idea of a commodity economy, and master the skill of doing things according to the law of value. Currently, there is very good momentum in the rural areas to develop commodity production. However, it is necessary to guard against the revival of such unhealthy tendencies as blind orders, exaggeration, formalism, and putting up a beautiful facade. Such symptoms are beginning to emerge in some localities. There are also some localities where the tendency to use power for personal gains is manifesting itself to some extent. They are not serving the peasants heart and soul. Instead, they are harassing the peasants, pushing them aside, and harming them. These two kinds of problems must be solved in the course of party rectification.

It is a matter of course to vigorously commend the rural cadres, PLA commanders and fighters, and advanced elements among the peasants who have made contributions toward developing the rural economy and promoting the building of civilized rural areas. However, they should be educated to guard against getting dizzy with success. We are faced with many new problems, so we must never become conceited, stop going forward, pay lip service, tell lies, or talk big. We must act diligently and in a down-to-earth way, use our brains more often, find more approaches and ways to do things, and make more efforts in investigation and study so as to strive to do well the work of serving the commodity economy and coordinating.

The above are some questions raised and some ideas I offer. However, in order to do the work well, we must rely on every one of us, rely on the diligent and intelligent peasants and intellectuals, and rely on their creativity as well as their enthusiasm to build socialism. Let us work together under the guidance of the decisions of the 3d Plenary Session of the 12th CPC Central Committee to make still greater achievements in 1985.

I. 4 Mar 85

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CHINA
PRC NATIONAL AFFAIRS

YU QIULI VIEWS ARMY REFORM AT GUANGZHOU MEETING

0W021301 Beijing XINHUA Domestic Service in Chinese 1506 GMT 1 Mar 85

[By reporter Liu Nanchang]

[Text] Guangzhou, 1 Mar (XINHUA) -- Speaking at a recent meeting of the Guangzhou Military Region, Yu Qiuli, deputy secretary general of the Military Commission of the CPC Central Committee and director of the PLA General Political Department, stressed: PLA units engaged in the second-stage party rectification should help party members deal with their outlook on life, help them foster the idea of serving the people wholeheartedly, be the first to bear hardships and the last to enjoy comforts, and not pay too much attention to personal gains or losses in order to ensure the smooth progress of the country and reform of the Armed Forces.

Yu Qiuli said: This year marks the first year of implementing the guidelines set forth by 3d Plenary Session of the 12th CPC Central Committee and the forum of the Central Military Commission, and the work load is heavy. Comrade Deng Xiaoping's important instructions at the forum of the Central Military Commission -- that our Army should be reorganized and its organization should be streamlined, and that cadres should be younger and must submit to the overall interests of national construction -- have a direct bearing on the Army's long-term construction. This is the Army's biggest and most complex reform. Every party member in the Army should cultivate the revolutionary outlook of serving the people wholeheartedly, take the overall situation into account during reform, not pay too much attention to personal gains or losses, be brave in combating unhealthy tendencies, and play a leading and exemplary role of party member.

Yu Qiuli said: Comrade Deng Xiaoping pointed out: Why was the strength of our party so great in the past? We used to say that for a battle, a company was good and highly combative if 30 percent of its members were party members. Why? Because during a battle, party members were always the first to charge ahead and the last to retreat, and the first to bear hardships and the last to enjoy the comforts of life. Such being the case, they became the model and core of the masses. To judge whether a comrade meets the standard of a party member, we should primarily see whether he is the first to bear hardships and the last to enjoy comforts, or whether he is unwilling to bear hardships. This question is essential because it is the source of many ideological problems. This question must be properly dealt with in party rectification.

Yu Qiuli called on the commanders and fighters of the Army to have a clear understanding of our Army's tradition of hard struggle. He said: We ought to know that because of our country's poor foundation, our national income cannot increase very quickly, and that we must continue to struggle and work hard. The standard of living of our cadres and fighters in the Army can only be improved gradually along with that of the people. This is also an issue of taking the interests of the whole into account.

YANG SHANGKUN ATTENDS WUHAN PLA MEETING

HK040230 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 3 Mar 85

[Text] According to a report by XINHUA reporters, Yang Shangkun, member of the CPC Central Committee Political Bureau and Standing Committee and vice chairman of the Central Military Commission, stressed on 2 March at a Wuhan Military Region meeting of cadres that the PLA must be subordinated to the state's overall situation of building the economy and must streamline and reorganize its forces. The units should also engage in industrial, agricultural, and sideline production, but are strictly prohibited from engaging in dishonest practices. At present the Army must resolutely check and rectify new malpractices, strictly enforce orders and prohibitions, and effectively enforce party discipline and state laws.

On the second stage of party rectification in the Army, Comrade Yang Shangkun urged the units to seriously study the documents, heighten their consciousness, and perfect democratic life inside the party so that the second stage of party rectification will result in more fruitful results than the first.

Comrade Yang Shangkun arrived at Wuhan after inspecting the frontier guards in Yunnan. During his stay in Wuhan he visited the Wuhan Iron and Steel Company and the Donghu (Moshan) scenic spot. He spoke highly of the joint construction of the Donghu scenic spot by the Army and the people. In addition, he hoped that the Army would do more good things for the people of Wuhan and Hubei Province.

During his stay in Wuhan Comrade Yang Shangkun met cadres of the Wuhan PLA units at and above division level and made important speeches. The participants were Zhou Shizhong, Li Guangjun, Zhang Wannian, Hou Runtao, Wang Zhan, (Pang Jiao), Wang Chun, Ma Zhaokun and (Zhang Shukun), Standing Committee members of Wuhan Military Region CPC Committee, (Lu Huaming), (Xie Chenggong) and (Wang Xin), advisers; Zhang Caiqian, member of the Central Advisory Commission; Lin Weixian, member of the Central Discipline Inspection Commission; Kong Qingde, former deputy commander of the Wuhan Military Region; and other comrades.

During his visit Comrade Yang Shangkun also met leading party and government leaders of the province, such as Guan Guangfu, Huang Zhizhen, Shen Yinluo, Wang Qun, Qian Yunlu, Han Ningfu, (Li Wei) and (Deng Ken); retired cadre (Wang Shengguang); and so forth.

Urge Armymen Observe Law

OW040354 Beijing XINHUA Domestic Service in Chinese 1154 GMT 3 Mar 85

[Text] Wuhan, 3 Mar (XINHUA) -- Yang Shangkun, vice chairman of the Central Military Commission, emphasized that the PLA should be examples in implementing relevant policies and decrees of the party and the government and strictly observe the discipline of the People's Army under the new circumstances of the economic structural reform.

Yang Shangkun addressed a meeting of cadres at and above division level of the Wuhan Military Region on 2 March. He pointed out in the speech: In the last 2 years, PLA units have diversified their agricultural and sideline undertakings and successively acted to reduce expenditures and broaden sources of income. The effort has played a positive role in improving the material and cultural life of cadres and fighters. In order to make the productive undertakings of the PLA units develop soundly, all units should seriously have the enterprises run by them checked against relevant documents issued by the central authorities and relevant regulations issued by the Military Commission and the general departments. They should strengthen their leadership over and actively run well the enterprises that conform to current policies and regulations. Any enterprise that violates policies and regulations should be resolutely closed down. We should obey all orders and put an end to what is banned. He said: Our Army has a good tradition -- that is, always taking the lead in abiding by the policies and decrees of the party and the government. When we think about problems or do things, we should value the interests of the whole above everything else and adhere to a principle of benefiting the country, the Army, and the people. We should not consider personal interests alone or the interests of a small group, or even contend with the people for gains.

On doing a good job in the productive undertakings of PLA units, Yang Shangkun said: The production of the PLA units should not be confined to "agricultural and sideline production." PLA units that have the necessary conditions may exploit mines with local support, or undertake paid construction jobs for the locality, such as the construction of roads or electric power stations. Active-duty servicemen should comply with the instruction of the party Central Committee on strictly prohibiting party and government cadres from engaging in trade, and stay away from business.

He called on PLA units engaged in the second-stage party rectification to adopt measures to correct new unhealthy tendencies, strengthen their sense of policy and discipline, and set their party style right.

GU MU IN GUANGZHOU REAFFIRMS OPENING TO OUTSIDE

OW040826 Beijing XINHUA Domestic Service in Chinese :516 GMT 3 Mar 85

[Text] Guangzhou, 3 Mar (XINHUA) -- Gu Mu, member of the Secretariat of the CPC Central Committee and state councillor, stressed during an inspection in Guangzhou: Our principle of doing a good job in economic structural reform and opening to the outside world is firm and unshakable. But we still need to further strengthen management and use improved management to guide, promote, and ensure the opening to the outside world. The more an area is open to the outside world, the more it should do a good job in management. Only in this way will reform and the work of opening to the outside world advance in a healthier manner and make new achievements.

Gu Mu arrived in Guangzhou after inspecting the Shenzhen Special Economic Zone.

On the morning of 2 March, responsible comrades of the Guangzhou party committee and government reported to Gu Mu on the situation in Guangzhou concerning opening to the outside world, reform, party rectification, and preparations for setting up an economic and technological development zone. They also touched on their arrangements and tentative ideas concerning their work ahead. After listening to their reports, Gu Mu pointed out in his speech: Last year, Guangzhou made rather good progress in various aspects of its work. It did a rather good job in emancipating the mind and in management work in the course of the reform and opening to the outside world. Gu Mu said: Guangzhou is in a special position in our country's work of opening to the outside world. Guangzhou has a fairly good foundation in city administration, management, scientific research, and technology. It has accumulated certain experience in reform and in opening to the outside world. He expressed the hope that Guangzhou would further explore and sum up experiences in the course of reform and opening to the outside world.

Gu Mu pointed out: We must set high standards for the planned economic and technological development zone. We should also set high standards for the technological transformation of old enterprises. To develop the economy, attention should be paid to quantity and even more to quality. Guangzhou should strive to raise the level of its production and technology in order to make more contributions to the country.

HU QILI URGES STEPPING UP EDUCATIONAL REFORM

OW020622 Beijing XINHUA Domestic Service in Chinese 1553 GMT 1 Mar 85

[By reporter Li Shangzhi]

[Text] Beijing, 1 Mar (XINHUA) -- Hu Qili, a member of the Secretariat of the CPC Central Committee, addressed a discussion meeting of some Beijing college and middle school students on the afternoon of 27 February. He said: People will be the key to the success or failure of our undertakings ahead. The party, government, and the people place high hopes on the broad masses of youth and students, and expect them to be concerned about major issues, understand the overall situation, study well, become persons of ability of the new generation, and assume the heavy responsibility of rejuvenating China.

The discussion meeting was held in the conference room of the West Building at Zhongnanhai. The students present at the meeting were some of the delegates to the first congress of the Beijing Municipal Students Federation.

The leading comrades present included Wang Zhaoguo, director of the General Office of the CPC Central Committee; He Dongchang, minister of education; Li Ximing, secretary of the Beijing Municipal CPC Committee; Hu Jintao, first secretary of the CYL Central Committee; and Al Zhisheng, deputy secretary general of the State Council. During the meeting, the leading comrades chatted cordially with the students and the discussion was lively.

Hu Qili first extended his greetings to the first congress of the Beijing Municipal Students Federation. He urged the delegates to unite and lead the nearly 700,000 Beijing college and middle school students in studying well, building up their bodies, cultivating good morality, and preparing themselves for their future role in the four modernizations.

Zhang Jianming, chairman of the Beijing Municipal Students Federation and chairman of the Students Association of the People's University of China, briefed the meeting on the situation of the first congress of the Beijing Municipal Students Federation. He said that students of all schools are now very much concerned about the reform of the economic structure and the reform of the educational system in our country and want to know more about the situation of the two reforms.

Other student representatives also spoke at the meeting. They reported on studies and student life at various schools and students aspirations for studying hard under the current excellent situation, becoming persons of ability during the reform, and being the leading figures of the times.

Hu Qili happily said: Young people are full of vigor and vitality and active in thinking, and are the hopes of the motherland's future. From now on, we should train a large number of qualified personnel for China's economic and social development in the 1990's and the early 21st century. We should produce hundreds of millions of people skilled in various professions and trades, including service people, clerks who know their jobs, and skilled workers and technicians capable of applying advanced technologies. We should train tens of millions of plant managers, engineers, agronomists, economists, accountants, and other economic workers who have a knowledge of modern science, technology, and management and the ability to foster development. We should also train tens of millions of workers in the fields of education, science, technology, medical care, theoretical studies, culture, journalism, law, foreign affairs, and military affairs, and workers in various party and government departments who adhere to socialist orientation, understand the positive results of human civilization, and meet the needs of the new technological revolution. Such is the great and arduous task of China's education, as well as the fundamental objective of the reform of the educational system. Hu Qili said: In the past 3 decades or so we have achieved great developments in education and trained a large number of working people with culture and knowledge and specialized personnel with advanced knowledge in various fields. However, our existing educational system indeed has many defects. A primary defect is that excessive and over-rigid state control over schools and barriers between higher and lower levels and between different departments have deprived schools of the necessary decisionmaking power, dampened the enthusiasm and initiative of the teachers and students, and prevented various quarters in society from displaying enthusiasm and initiative in running schools. Another major defect is shown by the fact that our traditional thinking and employment system have directed the attention of the students and their parents to advancing to a higher grade and attending college, lowered the quality of basic education, weakened vocational and technical education so urgently needed for economic construction, and created an imbalance in the educational structure. The aforesaid two defects in turn have led to outmoded teaching materials, stereotyped teaching methods, limited disciplines, and discrepancy between the courses offered and the needs of economic and social development, and courses lagging behind the current development of science and culture. Therefore, we must proceed to reform the educational system step by step.

Hu Qili said: Reform of the educational structure has a bearing on the future and destiny of the country and affects thousands upon thousands of households. Many people are concerned about educational reform. There are many favorable conditions for carrying it out. There are also many complicated factors. It will be a very arduous task. We cannot do without this reform, nor should we be impatient for success by adopting rough measures to push for reform. As students, you are the main target of education and it is a matter of course that you should be concerned about educational reform. You must have many very good ideas and opinions. Your suggestions will be solicited when documents on the reform are drafted.

Hu Qili said: From the Opium Wars to the founding of New China, we Chinese people suffered humiliations for 109 years. Starting from the birth of New China, it will take another 100 years or so before China can be built into a modern, powerful socialist country. This means we still need the endeavors of people of several generations. Today's college and middle school students are all going to live through this century into the next, carrying a glorious and arduous mission on their shoulders. They must be worthy of the great era and have the determination to become pillars of the state.

Hu Qili told the students about the excellent situation as well as existing difficulties on the various fronts currently existing in China. He hoped that young students would understand the condition of our country; realize that our country is vast and populous but had a poor foundation to start with, and proceed from this realization in considering any question and doing anything; discuss major issues of the state, get the picture of the whole situation, and correctly handle the relations between the individual, the collective, and the state and between immediate and long-range interests; and adopt appropriate ways of correctly dealing with and handling the difficulties and contradictions they may encounter in the course of progress.

Hu Qili hoped that party organizations of universities and middle schools would strengthen and improve party leadership in the course of reform of the educational structure, pay attention to holding direct dialogues and heart-to-heart talks with the students, advocate the principle of respecting teachers and caring about the students, enhance mutual understanding and trust with the teachers and students, and exchange information and ideas with them more frequently. It is necessary for students to look after themselves through the function of CYL organizations and student unions. One task to be stressed in the current ideological and political work in schools is to run the canteens well and improve studying and living conditions for students.

Hu Qili also praised many students for their "part-work and part-study" activities. He felt that these activities are useful for the students for applying in social practice what they have learned in school and turning themselves into productive forces, conducive to changing the current "closed type" education and promoting educational reforms, and beneficial to students in fostering the concept of doing labor and enhancing their independent capability. He called on the students to engage more in those "part-work and part-study" activities which are under the categories of development of intellectual resources, manual labor, and social service, adding that it is not appropriate to encourage everyone to engage in trade, much less in buying for the purpose of reselling at a profit.

Comrade Hu Qili approved the decision of the Beijing Municipal CPC Committee on offering the student union president of a university a seat on the university's administration committee. He said this will be useful to strengthening contacts between the school's leadership and its students and developing democracy and uniting the students.

In his speech, Wang Zhaoguo expressed his hope that university and middle school students will, in addition to studying basic knowledge well, learn more about society, respect manual labor, and pay attention to developing their own capabilities for organization and for social activities. Comrades He Dongchang, Li Ximing, Hu Jintao, and Ai Zhisheng also told the students what they hoped the students could accomplish. Finally, Zhang Jianming once again spoke on behalf of all university and middle school students of the municipality to express their thanks to the leading comrades for their concern. He said: "Young students of this generation will never fail to live up to the expectations of the party, the motherland, and the people.

DENG LIQUN ATTENDS FORUM ON EDUCATIONAL REFORM

0W031121 Beijing XINHUA Domestic Service in Chinese 0203 GMT 2 Mar 85

[By reporter Yu Xigui]

[Text] Tianjin, 2 Mar (XINHUA) -- Deng Liqun, member of the Secretariat of the CPC Central Committee and head of the Propaganda Department of the CPC Central Committee; and Hao Jianxiu, alternate member of the Secretariat of the CPC Central Committee; attended a forum at Tianjin's Nankai University yesterday morning to hear the opinions of some professors, associate professors, and lecturers of the Nankai and Tianjin Universities about educational reform and implementing policies toward intellectuals.

Comrades Deng Liqun and Hao Jianxiu urged teachers to carry out active and creative research and to work in a more down-to-earth manner during educational reform. They pointed out that while teachers have already made great contributions to educational reform, they can do still more in this area. They also asked the teachers to convey their best regards to other teachers, as well as students and faculty members.

Comrades Deng Liqun and Hao Jianxiu also expressed their condolences over the death of Professor Yang Shixian, honorary president of Nankai University and a noted chemist, and they went to see the family of the late professor when the forum was over. Comrade Deng Liqun said that he would always remember the professor who made exceptional contributions to China's chemistry study and education.

Expressing their opinions uninhibitedly, the teachers attending the meeting maintained that they would strive to promote educational reform and train more and better-qualified personnel needed in the four modernizations, keeping in mind the needs in these three areas: first, in addition to imparting knowledge, universities must also explore knowledge and should be operated by society, and not the other way round as is the case today. Also, influential universities having a long history and many good teachers should give full scope to their role so that all other universities can keep up with the needs of the four modernizations. Finally, universities should cultivate their students spirit of studying hard for the sake of dedicating themselves to their motherland and must care for the growth of students in all respects. On solving intellectuals' problems, the teachers unanimously maintained that it is most important that better working conditions be created for them. Also present at the forum were Zeng Delin, deputy head of the Propaganda Department of the CPC Central Committee; Tan Shaowen, deputy secretary of the Tianjin Municipal CPC Committee; and leading members of Nankai and Tianjin Universities.

FANG YI AT NONFERROUS METAL INDUSTRY MEETING

0W031033 Beijing XINHUA Domestic Service in Chinese 1542 GMT 2 Mar 85

[Text] Beijing, 2 Mar (XINHUA) -- The nonferrous metal industry should aim at the international market and make our nonferrous metal products highly competitive. This was what State Councillor Fang Yi said at a national work conference on the nonferrous metal industry which closed today.

Fang Yi said: Nonferrous metal is an important raw material for economic development, and its role will become more and more important with the development of the world's economy. Because China is rich in nonferrous metal resources, our nonferrous metal industry should practice an exploitative management, go all out to develop the production of nonferrous metals, and create a new situation during the Seventh 5-Year Plan period.

The 5-day national work conference on the nonferrous metal industry finalized the Seventh 5-Year Plan of the nonferrous metal industry. It called on the nonferrous metal industrial department to do away with the notion of being closed to the outside world and having a monopoly at home; to implement the policy of importing from abroad and developing economic relations among enterprises and regions at home; and to bring into play the initiative of all quarters in developing the nonferrous metal industry.

FANG YI ADDRESSES SCIENTIFIC WORK CONFERENCE

0W031021 Beijing XINHUA Domestic Service in Chinese 1509 GMT 2 Mar 85

[By reporters Gu Mainan, Zhuo Peirong]

[Text] Beijing, 2 Mar (XINHUA) -- An important reform of historical significance will soon be unfolded extensively in our country's scientific and technological circles. This was pointed out by Fang Yi, member of the Political Bureau of the CPC Central Committee and state councillor, in his speech at the national scientific and technological work conference which opened today. Song Jian, minister in charge of the State Scientific and Technological Commission and director of the General Office of the Leading Group for Scientific Work under the State Council, gave a long speech at the conference on many policy questions concerning reform of the scientific and technological system.

Fang Yi said: In recent years the party Central Committee and the State Council have pointed out repeatedly that there should be coordination between the development of science and technology and the economic and social development. They also advanced the strategic principle that economic construction must rely on science and technology, and that science and technology must be geared to the needs of economic construction. Therefore, the reform of the scientific and technological system is becoming a more and more urgent strategic task. Many scientific research units have begun experiments in reforming the scientific and technological system at selected points according to the strategic principle. They have gained some experience in expanding the decisionmaking power of research organizations, stepping up the association between scientific research units and production units, implementing the system of signing contracts for paid jobs, opening up the technological market, and implementing the scientific funds system on a trial basis.

Fang Yi said: The comprehensive reform of the scientific and technological system is a very big move and bears great significance for the history of our country's scientific and technological development. It requires people to change their style of activity, their organizational structure, and some of their ideas and viewpoints, all of which they have gotten used to for several decades. It tugs at the heartstrings of the country's scientific and technological work. Therefore, we must rely on the conscious action of our scientific and technological workers and advance in the right direction one step after another with unwavering determination and patience. He hoped that the new system would liberate scientific and technological productive forces, bring into full play the initiative and creativity of scientific and technological workers, promote scientific and technological modernization, quickly apply research results to production, and raise our country's labor productivity by a large margin.

Song Jian is an expert with good academic attainments in systems engineering. He was appointed as minister in charge of the State Scientific and Technological Commission. At the conference, the 53-year-old, middle-aged scientist cited numerous facts concerning defects of the present scientific and technological system and urgent needs of economic construction for science and technology. He stressed: The reform of China's scientific and technological system will provide a strong guarantee for the success of economic structural reform. He said: Recently, central leading cadres repeatedly pointed out the necessity of having a clear and definite general guiding principle: That all departments and fronts must work for the four modernizations. Specifically, they should examine their own work to see whether it is in the interests of the goal of quadrupling the gross industrial and agricultural output value. All would be empty talk if the goals of the four modernizations were not met. Therefore, it follows that the party and the people demand that our country's scientific and technological work be geared to the needs of economic construction, and that the goal of quadrupling the gross industrial and agricultural output value be the central task for everyone. Taking the overall situation into perspective, it is the great historic task and glorious social responsibility of scientific and technological works in contemporary China to work for the needs of the economy; to raise the labor productivity of industry, agriculture, and other undertakings; and to strive for the progress of society.

On the purpose of the reform of the scientific and technological system, which will soon be unfolded comprehensively, Song Jian said: A major task of the reform is to restructure the existing management system; in other words, it is to create an environment in which most research institutes, especially those responsible for technological development, can generate vitality within themselves to meet the needs of the economy; in which most researchers will consciously contribute to the economy and attach importance to economic interests; in which society will pay more respect and confer more honors on units and individuals who have contributed to economic invigoration; and in which the material remuneration of scientific and technological personnel will be linked to their contributions.

In conclusion, Song Ping said: To sum up, the purpose of the reform of our country's scientific and technological system, which will be unfolded soon under the direct attention and leadership of the leading comrades of the party Central Committee and the State Council, is: Open all gates for technological flow so that advanced knowledge and technology can flow incessantly from various research institutes and institutions of higher learning to factories, enterprises, the hinterland, and frontier areas, thus making our country's four modernizations drive advance in big strides.

The conference, which is sponsored by the State Council, is to last 6 days. Song Ping, state councillor and minister in charge of the State Planning Commission, presided over today's opening ceremony. More than 400 people are attending the conference. They include responsible comrades concerned of various provinces, municipalities, and autonomous regions; various departments under the State Council; and some major scientific research units; as well as some well-known scientists.

XINHUA COMMENTATOR VIEWS BONUS TAX REGULATIONS

0WD40020 Beijing XINHUA Domestic Service in Chinese 1449 GMT 2 Mar 85

[XINHUA commentator's article: "Regulations on Paying Bonus Taxes Must Be Followed" -- XINHUA headline]

[Text] Beijing, 2 Mar (XINHUA) -- We are delighted by the report that Shijiazhuang's state-operated enterprises have been actively paying bonus taxes. This spirit of strictly enforcing state borders and prohibitions ought to be energetically encouraged.

Recently, while actions have been taken to combat the unhealthy tendency of recklessly issuing bonuses, some people ask: Has it not been ruled that there will be a ceiling on the amount of bonuses? Why then is it wrong to issue more bonuses? This question must be clarified.

It is true that the State Council, in its "Circular on Bonuses To Be Issued by State-Operated Enterprises" issued in April 1984, said that there will not be a ceiling on the amount of bonuses, and that the State Council also maintained that this regulation will arouse the workers' enthusiasm as it will integrate their material benefits with enterprises' efforts to achieve better economic performance, do away with egalitarianism in issuing bonuses, and embody the principles of awarding hard working people, penalizing the lazy, and paying more to those who work more. This correct regulation will continue to be upheld in the future.

It should be noted that certain people know only that there will not be a ceiling for the amount of bonuses, but that they have overlooked the two preconditions stipulated in the State Council's circular.

First, there will not be a ceiling on the amount of bonuses to be issued by an enterprise on the condition that it has fulfilled the state plan and paid higher taxes and made greater profits. Should it fail to do so, the amount of bonuses should be appropriately reduced, or suspended, and not increased.

Second, with the exception of mining, transportation, and construction enterprises, if the total amount of bonuses to be issued by any other enterprise in 1 year exceeds the total amount of standard wages for 2.5 months, the bonuses shall be subjected to state tax on a progressive basis.

This shows that combating the unhealthy tendency of issuing bonuses recklessly is totally different from giving out legitimate bonuses to encourage above-quota production. Bonuses which tally with state regulations should continue to be issued, and they should even be increased when production plans have been more successfully accomplished and when a greater amount of taxes and profits has been paid or made. Nevertheless, bonus taxes must be paid according to regulations. On the other hand, if an enterprise has made less profits, it should cut the amount of bonuses, or even stop issuing any, and if it disobeys the regulations, it should be made to obey.

It is learned that some enterprises still cannot understand why bonuses are subjected to taxes. Sensible enterprises should understand that this regulation can control reckless issuance of bonuses, so that expenses will not get out of control and pressure on the market will not increase, nor will it cause any economic chaos, and that this regulation will encourage enterprises to work hard to make more profits. On the other hand, this regulation will enable workers to become more enthusiastic in working hard, knowing that they will get more bonuses when production and profits have increased. In this regard, Shijiazhuang's state-operated enterprises have already set a good example. The director of the Shijiazhuang Taxation Bureau has put it very well. He said: That shows the economic reform has produced a new thinking, namely "When the operation of an enterprise has become invigorated, it should think of the state's interests and when workers have acquired greater income, they should not forget the state." We hope more enterprises in other localities will follow the footsteps of Shijiazhuang's state-operated enterprises and set an example in obeying the law.

ARTICLE ON IMPORTANCE OF EXPANSION OF OPEN DOOR

HK020602 Beijing CHINA DAILY in English 2 Mar 85 p 4

["Excerpts" from an article by Lin Hong in YANGCHENG EVENING NEWS]

[Text] Some people brand all foreign ideologies and culture as "bourgeois." They do not mind importing foreign commodities, but they draw the line at introducing foreign ideas and culture.

They are comparatively openminded about introducing foreign science and technology, but they hesitate in regard to social sciences. Such thinking and methods are not Marxist, nor to the advantage of the socialist cause.

In the Communist Manifesto, Marx and Engels pointed out that the bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. "And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrow-mindedness become more and more impossible, and from the numerous national and local literatures arises a world literature."

Countless historical records have proven that whenever a nation indulges in cultural exchanges with other nations, its civilization undergoes tremendous development. On the other hand, when it practises a closed door policy, it becomes ignorant and backward, loses wars and finally is conquered by other countries. In ancient China, the Han (221 BC to 220) and the Tang (618 to 907) Dynasties were the most prosperous periods. This was to a large extent due to frequent economic and cultural exchanges with nations in the Western regions and in Central Asia.

It was the same in foreign countries. During the Italian Renaissance in the 14th and 15th centuries, science, philosophy, literature, art and education were widespread and exchanged in Western Europe, which prepared for the smooth development of capitalism.

In the middle and latter part of the 19th century, Japan changed its closed-door policy, carried out a series of reforms and made a great effort to absorb Western culture. It quickly became prosperous. During the same period, China's door remained closed, with the result that our economy and culture became very backward. For nearly 100 years, our territory was invaded by imperialist powers and we were nearly conquered by Japan.

Historically, capitalism has created great material wealth as well as some brilliant achievements. We should fully use the fruits of capitalist civilization to build socialism and communism. Mao Zedong once emphasized: "It is perfectly true that we should learn from the good experience of all countries, socialist or capitalist; about this there is no argument." Many brilliant ideas and cultural products have come from the capitalist world. The birthplace of Marxist theory was the three capitalist countries of Germany, Britain and France.

In the 1960s, Western capitalist countries progressed greatly in culture, science and technology, which caused their economies to develop rapidly. But in the same period, especially during the so-called "Cultural Revolution," China stayed out and closed its door.

The gang of four were against the import of advanced foreign science and technology, and the development of foreign trade. They branded such actions as "worshipping and having blind faith in foreign things," "national betrayal" and "going capitalist."

As a result, we lost a very good opportunity for using advanced technology to catch up with the capitalist countries, and the distance between us and the advanced countries in modern technology became even greater.

Now, when we are building socialism with special Chinese features, we must dare to absorb the achievements of capitalist countries in both natural and social sciences. We must study and absorb their production systems and new management methods. We must also learn from their academic and literary achievements.

Of course, there are also things that we must reject. For instance, we are against exploitation, putting profits before everything else, ultra-individualism and pornography. But we needn't be afraid of them. We should remember that bad things sometimes can be turned to good use. For instance, wild beasts can be put into zoos for people to look at, and opium can be used as medicine. Our people know well how to distinguish good from bad and their judgment can be trusted.

FINANCE MINISTRY SEEKS TO CURB IRREGULARITIES

OW021126 Beijing XINHUA Domestic Service in Chinese 1143 GMT 1 Mar 85

[Excerpts] Beijing, 1 Mar (XINHUA) -- The Ministry of Finance recently issued an urgent circular, urging all areas and departments to firmly follow the State Council's instructions and promptly combat such irregularities as issuing garments recklessly.

The circular says: According to the State Council's regulations, with the exception of those units authorized by the State Council to have the garments of their staff members and workers made in a unified manner, no other units are permitted to make garments for their staff members and workers, or issue them money for making garments with public funds. In the case of state organs and institutions, the funds that have already been spent on making garments shall be borne by individual recipients, and those who cannot afford the expenses should pay 80 percent of the actual cost of the garments. In the case of enterprises, individual recipients of garments should pay 70 percent of their cost, and the remainder shall be defrayed with funds reserved for awards, and shall not be written off as production costs.

Regarding willful expansion of the free lunch program, the Ministry of Finance urges all areas, departments, and units to firmly stop the program strictly in accordance with the State Council's relevant circular. The ministry's circular says: Any unit which has provided free lunches without the State Council's approval must promptly stop the program on the basis of doing ideological and political work among the staff members and workers. The funds that have been spent on providing free lunches should be defrayed with funds reserved for awards, which are subjected to tax according to law, and should not be written off as production costs, or as administrative or operational expenses.

The Ministry of Finance also urges all areas and departments not to rush headlong into mass action to reform the wage system. It says that all the additional money needed for pay raises at units selected for pay raise experiments should be defrayed with money reserved from the after-tax profits for awards, and should not be accounted for as production costs.

The circular also urges financial and taxation departments at all levels to earnestly implement the State Council's relevant circular themselves, firmly follow the guidelines have been implemented in various other departments and units.

XI ZHONGXUN INAUGURATES LEGAL AFFAIRS COMPANY

HK010745 Beijing ZHONGGUO FAZHI BAO in Chinese 13 Feb 85 p 1

[Report by Zhao Haixiao: "Xi Zhongxun Speaks at Inaugural Reception of China Legal Affairs Company: The Value of Lawyers' Work Must Not Be Underestimated"]

[Text] Yesterday, at a reception marking the opening of the China Legal Affairs Company, Xi Zhongxun, member of the CPC Central Political Bureau and secretary of the CPC Central Secretariat, pointed out: Lawyers' work is a kind of intellectual work, and the value created by this work must not be underestimated.

State organs and economic units must attach great importance to lawyers' work and bring their role into full play.

Xi Zhongxun said: Legal and judicial departments constitute an important part of our state's superstructure, and are closely related to its economic structure, which is undergoing reform. So they must actively serve our socialist modernization. He said: Both the judicial organs and lawyers are executors and defenders of the state laws. They should show respect for each other and make joint efforts to handle their cases well. In short, we must establish a sound legal system, strengthen legislative work, and act according to established laws.

The China Legal Affairs Company is the first national legal firm that is run as an enterprise on the basis of bearing responsibility for its profits and losses and conducting independent economic accounting. Xi Zhongxun said that its opening is a new test of reform of the legal work system.

At the reception, Xi Zhongxun wrote an impromptu inscription: "Strictly enforcing the legal system, building a contingent of lawyers who serve the people heart and soul."

Minister of Justice Zou Yu also attended the reception and made a speech. He expressed his hope that the China Legal Affairs Company would contribute to China's four modernizations in three aspects: First, it will provide legal services for our country's economic structural reform and economic construction so as to promote the development of our socialist economy. It is necessary to safeguard the interests of the state and collectives and protect the legitimate rights and interests of citizens by legal means. At the same time, legal services are also indispensable for safeguarding the legitimate rights and interests of foreign enterprises in China, Chinese-foreign joint ventures, and foreign businessmen who invest in China. Perfect legal service will encourage them to actively invest more in our country. Second, it will help improve our social order, promote unity among the people, and consolidate the stable political situation. By acting as legal agents in criminal and civil cases and in other legal affairs beyond court proceedings, the company and the lawyers can provide convenient services of high quality for its clients and will subject itself to social supervision. So it will provide fresh experience for the reform of the legal work system.

At the reception, the company's chairman, Huan Xian, briefed the guests on the main business and services of his company. He said that the legal company will mainly provide legal services for state institutions, enterprises, and other organizations, for Chinese citizens, and businessmen in Hong Kong, Macao, and overseas areas who have business relations with China. The company will also provide services on preferential terms for social welfare organizations for women, children, and disabled and handicapped people. Huan Xian said that his company will make a series of reform measures in legal work. He introduced the company's general manager, Wu Nianzu, and chief lawyer Ren Jisheng to the guests. The opening reception of the legal company was held at the Eastern Hall on the second floor of the Great Hall of the People. The reception was presided over by Vice Minister of Justice Zhu Jianming. People attending the reception also included Peng Chong, Zhu Xuefan, and Liao Hansheng, vice chairmen of the NPC Standing Committee; Hu Ziang and Qian Changzhao, vice chairmen of the CPPCC National Committee; more than 20 responsible people from the CPC Central Legal Commission, the Supreme People's Court, the Supreme People's Procuratorate, the relevant departments of the State Council, the Law Society, and the Welfare Fund for Handicapped People, economic and law experts and scholars, and representatives of Hong Kong, Macao, and overseas enterprises in Beijing.

CIRCULAR SETS RULES FOR HANDLING PATENT DISPUTES

OW011830 Beijing XIHNUA Domestic Service in Chinese 0734 GMT 1 Mar 85

[Text] Beijing, 1 Mar (XINHUA) -- To judicially ensure the smooth implementation of China's first patent law beginning 1 April, the Supreme People's Court has recently issued a circular, setting forth concrete rules for the people's courts in all localities to follow in trying cases involving patent rights.

The "circular" of the Supreme People's Court states: According to provisions of the "Patent Law of the People's Republic of China" and the "Detailed Regulations for Implementation of the 'Patent Law of the People's Republic of China,'" there are seven categories of patent cases to be tried by the economic court of the people's court. They are cases of disputes as to whether patent rights for inventions should be granted; cases of disputes as to whether patent rights for inventions should be declared null and void or whether they should be maintained; cases of disputes concerning the implementation of mandatory licenses [qiang zhi xu ke 1730 0455 6079 0688]; cases of disputes concerning the charges for use of mandatory licenses; cases of disputes concerning the charges for use of inventions, new models, and exterior designs after applications for patent rights have been filed and before patent rights have been granted; cases of disputes concerning infringement upon patent rights (including cases of counterfeiting patented inventions, models, and designs which have not yet constituted criminal offenses); and cases of disputes concerning contracts for transfer of patent-application rights or transfer of patent rights.

The "circular" stipulates that in the case of serious criminal acts concerning patent rights, such as counterfeiting others' patented inventions, models, and designs, disclosing our country's important secrets through unauthorized application for patent rights in foreign countries, and practicing favoritism and committing fraud on the part of personnel of the Patent Bureau and other state organs concerned, criminal liabilities should be applied in accordance with the relevant provisions of the "Patent Law of the People's Republic of China" and the "Criminal Law of the People's Republic of China."

The "circular" urges the people's courts concerned to include in their staff judicial personnel for handling patent cases and to recruit experts and scholars as their advisers or technical examiners. The courts may also ask experts and scholars to serve as assessors so as to be directly involved in patent trials.

In addition, the "circular" sets forth specific stipulations on the handling of cases of patent disputes and the procedures for filing such lawsuits.

YANG SHANGKUN SPEAKS ON WRITING BIOGRAPHIES

OW011310 Shanghai City Service in Mandarin 0100 GMT 1 Mar 85

[Text] When speaking recently about the question of writing biographies for some personages, Comrade Yang Shangkun said: During the protracted revolutionary war, some people did take part in fighting some battles and later became bad. Do not remove them from history just because they later became bad, as if there were no such people in the history.

Yang Shangkun stressed: It is necessary to use a historical materialist viewpoint in writing biographies. It is especially necessary to evaluate fairly those people who have made definite contributions to the Chinese revolution and later became bad; otherwise, the writing will be a distortion of history.

PLANS TO BUILD MODERN WEATHER FORECASTING SYSTEM

OW011422 Beijing XINHUA in English 1136 GMT 1 Mar 85

[Text] Beijing, March 1 (XINHUA) -- China will invest 98.9 million yuan in building a modern medium-range numerical weather forecasting system to improve the efficiency and accuracy of its international and domestic meteorological services. An official of the Central Meteorological Station told XINHUA today that the system to be built in the northwestern suburbs of Beijing is scheduled for completion before 1990.

It will issue weather forecasts covering extensive areas four to six days in advance, including clouds, winds, rains and temperatures. Its predictions seven days in advance are expected to be as accurate as its present predictions three days ahead, he said.

The official also predicted that the system will help China's weather forecasting service reach the present standard of the European center of medium-range weather forecast which is now the highest in the world.

It will help enhance the capabilities of the departments of agriculture, animal husbandry, fisheries, communications and offshore oil prospecting to withstand natural disasters, he added.

As part of the national meteorological center, the modern weather forecasting system will consist of seven sections governing global meteorological data gathering and retransmitting, global prediction models and high-speed computer and telecommunications networks.

To speed up construction, the national meteorological center and three other research units will establish a combined center to supervise the project and tackle related scientific problems.

Although China's short-range weather forecasts are 80 percent accurate, its medium-range weather predictions three to ten days in advance are still not accurate enough and thus fall short of the needs of various departments, the official said.

Li Peng, vice-premier of the State Council, has urged meteorologists to close the gap in medium-range forecasts as rapidly as possible so as to satisfy the growing needs of the national economy, national defense and people's livelihood.

CONSTRUCTION BEGINS ON KEY STATE POWER PROJECT

OW011650 Beijing XINHUA in English 1624 GMT 1 Mar 85

[Text] Shanghai, March 1 (XINHUA) -- Work began on China's largest thermal power plant, on the outskirts of Shanghai today. The Shidongkou thermal power plant, with a designed generating capacity of 2.4 million kw, is listed as a key state project and involves a total investment of 960 million yuan.

Four 300,000-kw generating units -- all made in China -- will be installed during the first construction phase. Electricity is in great demand in Shanghai, China's largest industrial city and economic center.

Upon completion of the whole plant in 1987, the strain on the city's electricity supply will be greatly eased.

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JIANGSU ISSUES CIRCULAR ON TAXATION OF BONUSES

OW031439 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 1 Mar 85

[Text] The Jiangsu provincial people's government recently issued a circular demanding that the leadership at all levels and at various state-run enterprises earnestly implement the provisional regulation promulgated by the State Council last year for levying a tax on bonuses issued by state-run enterprises. Various state-run enterprises that had issued bonuses in cash or in kind last year must pay the tax accordingly.

The circular pointed out: The leadership at all levels must adopt a firm attitude and effective measures to enforce this regulation in levying a tax on bonuses. The people's governments at all levels and the departments concerned must explain the regulation clearly to the state-run enterprises and arouse them to take the initiative to fill out the relevant tax forms at the local tax bureau on the actual amount of bonuses paid in cash or in kind. They must not try to cover up or falsify records; otherwise, the responsible person or those in charge of this matter will be held responsible for any illicit act. Those enterprises that issued excessive amounts of bonuses in 1984 must continue to deduct funds from their 1985 profits if their bonus funds are not big enough to pay taxes for 1984 until this tax on 1984 bonuses is paid in full.

SHANDONG MEETING ON CHECKING UNHEALTHY TRENDS

SK040408 Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Mar 85

[Excerpts] The provincial people's government and the provincial Discipline Inspection Commission held a meeting of responsible persons of leading party groups, CPC committees, and discipline inspection commissions of various organs at the provincial level on 2 March at the Namjiao Guesthouse to discuss ways to implement the instructions of the CPC Central Committee, the State Council, the Central Commission for Guiding Party Rectification, and the Central Discipline Inspection Commission concerning checking new unhealthy trends, and to solve the problem of refusing to enforce orders and prohibitions.

Li Zhen, deputy secretary of the provincial CPC Committee and vice governor of the province, presided over the meeting, relayed the documents issued by the Central Discipline Inspection Commission concerning checking new unhealthy trends, and delivered a speech. Wang Zhongyin, secretary of the provincial Discipline Inspection Commission, spoke on the province's new unhealthy trends, and proposed measures for checking these unhealthy trends.

Comrade Li Zhen said: The newly emerged unhealthy trends are very harmful. These unhealthy trends will discredit the reform, hinder the smooth development of reform, and sabotage the socialist modernization drive. Worse still, if they continue to develop these unhealthy trends will corrupt the party organs, and destroy a large number of cadres, thus they must not be allowed to spread unchecked. We must wage a resolute struggle against new unhealthy trends.

Comrade Wang Zhongyin said in his speech: Like other provinces, our province's political and economic situations are very good, and marked achievements have been scored in all work items. However, new unhealthy trends have emerged under new situations. Major indicators are:

1. Some party and government organs and cadres take advantage of their power to engage in trade and run enterprises, and seek profits for individuals and small groups.

2. Some units issue excessive cash subsidies, and materials in violation of the financial and economic regulations, and feather their nest at public expense.

3. Some units make random price increases in violation of policies, and infringe upon the interests of customers.

4. Some units give banquets and gifts, and indulge in extravagant wining and dining with public funds, and squander state funds and property.

In addition, there are such serious unhealthy trends as unreasonable levies, random increases in the percentage of retained profits, resorting to deception, indulging in formalism, giving hasty promotions to cadres, issuing excessive lottery tickets, and selling obscene books and periodicals.

The major reasons for these unhealthy trends are that some party members and cadres have low political quality, lack party spirit and principles, pay no heed to the stipulations, policies, and instructions of the CPC Central Committee and the provincial CPC Committee, and refuse to enforce orders and prohibitions. Attending the meeting were secretaries of various prefectural and city discipline inspection commissions.

ZHEJIANG PLA UNITS NEGATE CULTURAL REVOLUTION

0W031153 Hangzhou ZHEJIANG RIBAO in Chinese 17 Feb 85 p 1

[Text] In the course of party rectification, party committees of Army units currently or formerly stationed in Zhejiang have tried to eliminate the negative effects of the "three supports and two militaries," which they consider a crucial aspect in thoroughly negating the "Cultural Revolution." Leading comrades of the East China Sea Fleet, the Nanjing Military Region's Air Force, and a certain unit formerly stationed in Zhejiang, have held separate discussion meetings with leading comrades of the provincial party committee and responsible persons of the units concerned, and have made self-criticism regarding the mistakes committed by their subordinate units which participated in the "three supports and two militaries" during the "Cultural Revolution." Leading comrades of a unit formerly stationed in Zhejiang have led a visiting group on special trips to Hangzhou, Wenzhou, Jinhua, Zhuji, and other places in Zhejiang, covering a total distance of more than 2,000 li. At the discussion meetings, the leading comrades of the military and local authorities made a clean breast of themselves, spoke their minds, and jointly summed up historical experiences and lessons. The warm atmosphere showed the unity between the Army, the government, and the people.

Leading comrades of the Army units said: The "three supports and two militaries" during the "Cultural Revolution" resulted in aftereffects which manifested themselves in the following ways: 1) Siding with one faction and alienating the other. Supporting the leftists actually became supporting factions. Factionalism was encouraged since one faction was supported in order to suppress the other faction, and antagonism among the masses was aggravated. 2) Creating unjust, false, and erroneous charges, and harming many cadres and masses. Unity among the Army, the government, and the people was also damaged. 3) Bringing to various localities Lin Biao's trash about "giving prominence to politics," advocating the so-called "building factories with politics," "building production brigades with politics," "building schools with politics," and other ultra-left things. This confused right and wrong, and confounded the people. 4) Using revolution to suppress production, and actively promoting "left" principles and policies, causing tremendous economic losses. 5) Some people engaged in the "three supports and two militaries" abused their power for private gains and even violated law and discipline, thereby damaging our Army's prestige.

Wang Fang and other leading comrades of the provincial party committee appraised highly the achievements made by the Army units' party committees in conducting the education on thoroughly negating the "Cultural Revolution" in accordance with the instructions of the CPC Central Committee and its Military Commission. They pointed out: The Army units' participation in the "three supports and two militaries" during the "Cultural Revolution" was dictated by specific historical conditions at that time. Now that we have brought order out of chaos, some aftereffects are gone, and alienation between the Army and the people has been gradually eliminated. The Army-civilian relationship is now at its best since liberation. The "Cultural Revolution" is gone as a historical episode. Of course, it is necessary to sum up experience and take practical actions to correct mistakes in view of the fact that some leaders of the Army units formerly stationed in Zhejiang engaged in conspiratorial activities and committed serious mistakes. Now, we should carry forward the glorious traditions of supporting the Army and cherishing the people, unite, and look ahead to accomplish the four modernizations. Comrades in local authorities should learn from the good experiences gained by Army units in the past few years in strengthening military and political training, in promoting joint military-civilian efforts to build civilization, and in training dual-purpose qualified personnel.

WANG FANG ADDRESSES ZHEJIANG JOURNALISTS

OW021219 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 1 Mar 85

[Text] At a meeting of the fourth council of the provincial Journalists' Association on 1 March Comrade Wang Fang gave a speech on how to do a good job of journalism in the new situation.

Comrade Wang Fang called on journalists to play the role of a willing ox, and perform the journalistic work entrusted by the party and the people with better results. He said: Journalism should subordinate itself to and serve the party's general tasks and goals, while journalists should more consciously uphold party spirit and related principles. In conducting news propaganda, it is necessary to assume an extremely serious attitude in political affairs, and always follow the correct political direction. In matters related to the party's line, principles, and policies, to important political principles, as well as to major work arrangements, propaganda should be conducted in accordance with the guidelines of the central authorities, so that our propaganda efforts will help the society develop a civilized, healthy, and scientific way of life that meets the requirements of the modern productive forces and promotes progress. It is necessary to repudiate and discard backwardness, ignorance, and decadent things. Journalists should concentrate their attention on promoting production.

In his speech Comrade Wang Fang expounded the question of the authenticity of news. He reminded the press circles to set store in the principle of truth in news, conduct investigations and studies, and hold interviews on more profound subjects. Reports on commendations or criticisms should be authentic, rather than untruthful. Untruthful news should be discarded.

Comrade Wang Fang emphatically said: The prevalent new unhealthy trends and laxity in discipline seriously endanger reforms. If they are not rectified, it will be very hard to carry out reforms smoothly. He urged the press circles to appeal loudly for rectifying and overcoming the new unhealthy trends and make fresh contributions accordingly. Meanwhile, the press circles should also pay attention to the malpractices that exist within those circles, and take the lead in rectifying them.

HUBEI CONFERENCE ON CURBING NEW UNHEALTHY TRENDS

97011515 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Feb 85

[Excerpts] Yesterday evening, the provincial CPC Committee, the provincial People's Congress Standing Committee, the provincial government, and the provincial Discipline Inspection Committee jointly held a telephone conference, demanding that party organizations and government organs at all levels throughout the province quickly go into action and take effective measures to curb several kinds of unhealthy trends currently emerging, which seriously jeopardize reform.

Vice Governor Wang Libin presided over the telephone conference. Shen Yinluo, deputy secretary of the provincial CPC Committee, spoke at the conference. He said: Previously, CPC committees, governments, and discipline inspection committees at all levels in our province took some specific measures and did some work to **vehemently curb several kinds of unhealthy trends** and made certain achievements. However, some places, departments, and units acted relatively slowly and did not grasp the work firmly and vigorously. Some procrastinated and some others even turned a deaf ear to the **repeated injunctions** of the central authorities and did as they pleased. They adopted the **incorrect attitude** that the upper levels have policies and the lower levels have countermeasures. They performed their duties in a perfunctory manner and did not investigate and correct incorrect methods. This action of not carrying out an order where there is one and not curbing what is prohibited is the expression of impure party spirit and **seriously violates** organizations and discipline. Party discipline and government discipline does not by any means allow this action.

Shen Yinluo said: CPC committees, governments, and discipline inspection committees at all levels must organize party members and cadres, particularly leading cadres, to seriously study the relevant documents of the central authorities, the State Council, and the Central Commission for Discipline Inspection and the spirit of relevant speeches of leading comrades of the central authorities and to profoundly understand the harm caused to the current reform of the economic structure and to the four modernizations by the new unhealthy trends. Thus they can further strengthen the latter's **sense of the urgency** in curbing these unhealthy trends and overcome the latter's muddled **idea of setting the grasping of party style and of the observance of party discipline and government discipline against reform of the economic structure and the invigorating of the economy.**

Shen Yinluo said: Vehemently curbing the new unhealthy trends now is an **important task** of the whole party. CPC committees, people's congresses, and governments at all levels must assign principal responsible comrades to grasp this work, must make specific arrangements, must regularly study, and must carry out inspection and supervision. It is necessary to especially investigate and deal with the typical cases of taking advantage of power to engage in commerce, reaping staggering profits, illegally buying and selling, speculation, raising commodity prices, smuggling, peddling smuggled goods and committing crimes in the course of inspection. Party and government organs, enterprises, institutions, party members, and cadres who publicly violate the decisions and regulations of the central authorities, the State Council, and the Central Commission for Discipline Inspection, must be sternly dealt with in accordance with party discipline, government discipline, and the state law. They must by no means be **tolerated**. Apart from taking party and government disciplinary actions against personnel concerned, who do not carry out an order where there is one and who do not curb what is prohibited, the responsibilities of leaders of the places, departments, and units concerned must also be investigated and affixed.

Attending yesterday evening's telephone conference were Li Fuquan, vice chairman of the provincial People's Congress Standing Committee; Hu Hengshan, secretary of the provincial Discipline Inspection Committee; responsible persons of the provincial CPC Committee, the provincial government, departments, offices, committees, bureaus, and corporations; and leading comrades of the prefectoral, city, and autonomous prefectoral CPC committees, people's congresses, governments, and discipline inspection committees.

Station Commentary

HK011517 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Feb 85

[Station commentary: "Where There Is An Order, It Must Be Carried Out and What Is Prohibited Must Be Curbed"]

[Text] Recently, the CPC Central Committee, the State Council, and the Central Commission for Discipline Inspection issued decisions, regulations, and circulars one after another on vehemently curbing the unhealthy trends emerging in the new situation. The unhealthy trends emerging in the new situation have taken many forms. For example, party and government organs and cadres have taken advantage of their powers to engage in commerce, to run enterprises, and have speculated, illegally bought and sold goods, violated policies, indiscriminately raised commodity prices, concocted various pretexts to indiscriminately issue money and goods, raised wages at will, spent public funds on dinners and gifts, squandered and wasted money, practiced fraud, paid lip service, pursued formalism, indiscriminately issued lottery tickets, indulged in promoting the sale of goods with lucky draws, irregularly promoted grades and posts, run small-sized newspapers with unhealthy contents, and so on.

However, the current biggest harm is that where there is an order, it is not carried out and what is prohibited is not curbed. This unhealthy trend sabotages the organizations and principles of the party, slackens party organizations, jeopardizes the high degree of consistency of the whole party in ideology and action, and interferes with and sabotages the implementation of the party's and government's policies, laws, orders, and regulations. If we allow this to continue, it will harm the country and the people and the harm will be endless. If we do not correct this unhealthy trend, the other various new unhealthy trends cannot be basically curbed.

The unhealthy trend of not carrying out an order where there is one and not curbing what is prohibited which is now emerging, shows again that it is necessary to further strengthen party discipline in the course of reform of the economic structure. Leading comrades of the central authorities have expressly pointed out that without good party style, reform cannot be carried out well. Without good party style and an excellent social environment of stability, unity, and observance of discipline, we cannot succeed in this all-round and profound reform. To invigorate the economy and reform the structure, we are in greater need of strict party and government discipline. Without the factor of discipline, reform cannot progress smoothly.

Like other work, the key to vehemently curbing the unhealthy trends lies in strengthening leadership. Party organizations, governments, and discipline inspection departments at all levels must attach great importance to curbing the unhealthy trend; must really strengthen leadership over this work and must promptly take effective measures to resolutely and quickly curb the new unhealthy trends to guarantee that the decision and instructions of the CPC Central Committee and the State Council are smoothly implemented, orders are carried out, and what is prohibited is curbed.

HUNAN STRESSES CONTROL OF CONSUMPTION FUNDS

HK020257 Changsha Hunan Provincial Service in Mandarin 1100 GMT 1 Mar 85

[Station commentator's article: "It Is Necessary to Rationally Control Consumption Funds"]

[Excerpts] There has been a big increase in people's consumption level in the wake of the development of the productive forces in recent years. This is the result of the party's policy of enriching the people. It is also essential for developing social productive forces. To consolidate and develop the excellent situation and smoothly carry out reforms of the economic structure, an outstanding problem that currently needs solving is to exercise rational control of consumption funds.

The proportional relationship between accumulation and consumption is one of the most fundamental proportional relationships in the national economy. In the past, under the guidance of leftist ideology, much attention was paid to accumulation and little to consumption. This ran counter to the goal of socialist production and also hampered the development of social productive forces. It is completely essential to correct this phenomenon and carry out readjustment. However, readjusting the proportional relationship between accumulation and consumption certainly does not mean that the faster the consumption funds rise, the better. It certainly does not mean that people can immediately get rich through the indiscriminate payment of bonuses and subsidies. Prices are bound to rise if there is an excessive rise in currency in circulation, and society is unable to provide so many commodities. As a result, due to purchasing power and market supplies being out of joint, there will be loss of balance in finances, credits, and materials, and economic life will become chaotic. In the end, far from enabling everyone to get rich, irrational increase of consumption funds will in fact adversely affect people's living standards, and further readjustment will be required, which will delay the progress of reform.

At present everyone is worried about rising prices. However people never pay enough attention to the problem of loss of control over the consumption of funds, which will lead to rising prices, as a result of indiscriminate wage hikes and payment of bonuses and subsidies. Some people even completely ignore this point. We must understand that the prices of commodities are ultimately determined by the amount of labor and its value involved in producing them. There are bound to be big price rises if productive forces do not develop and there is no big increase in output of social consumer goods while currency in circulation is increased. It is absolutely impossible to control rising prices if control over consumption funds is lost. We must, therefore, focus on overall work and the people's long-term interests. Apart from stopping certain people arbitrarily hiking prices by taking advantage of reforms, we must also control group purchasing power and individual consumption funds.

SICHUAN MEETING ON NATIONAL REUNIFICATION WORK

HK030257 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 2 Mar 85

[Text] On the morning of 2 March, the Propaganda Department of the provincial CPC Committee, the Political Department of the Chengdu PLA units, and the provincial government's reception office for Taiwan compatriots jointly held a report meeting in Chengdu, attended by leading comrades of the provincial CPC Committee and the CPC Committee of the Chengdu PLA units, responsible comrades of city and prefectural CPC committees and provincial departments concerned, and party-member cadres at section head level in the provincial organs, deputy section head level in the Chengdu City organs, and section level and above in departments concerned of PLA units stationed in Chengdu, totalling 2,500 persons.

Feng Yuanwei, deputy secretary of the provincial CPC Committee, delivered an important report on the situation and tasks in national reunification work. Comrade Feng Yuanwei specifically reviewed the party's principles and policies on Taiwan and analyzed the current situation in the motherland's reunification work.

Comrade Feng Yuanwei pointed out: The solution of the Hong Kong question has made work concerning Taiwan all the more important and pressing. He demanded that the party committees at all levels strengthen leadership and mobilize the forces of all sectors to do a good job in work concerning Taiwan. It is necessary to conduct education for the cadres and masses in the principles and policies regarding Taiwan and strive to ensure that everyone knows about them. Thus the cadres and masses will establish the concept that everyone has a responsibility for unifying the motherland and will act as a promoter of the peaceful reunification of the motherland.

We must further emancipate our minds, eliminate leftist bindings, and work with free rein. We must develop more channels and make more friends to expand the scope of reunification work. We must organically integrate reunification work and economic work, closely centering on the party's general task, and actively serve the effort to open up to the world. We must strive to have more compatriots from Taiwan, Hong Kong, and Macao, and Overseas Chinese compatriots coming to Sichuan to discuss trade, invest in factories, and exchange knowledge of science and technology; we should attract foreign investment, technology, and talent, to make contributions to invigorating the province's economy.

Yang Xizong, deputy secretary of the provincial CPC Committee and governor, spoke at the meeting.

SICHUAN GOVERNOR DISCUSSES ECONOMIC STRATEGY

HK020202 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 1 Mar 85

[Text] According to SICHUAN RIBAO, Governor Yang Xizong said on 1 March when discussing the guiding ideology for the province's economic and social development strategy: We must conduct universal education for the party and government cadres and the masses throughout Sichuan to enlighten them on how to develop socialist commodity economy. It is essential to establish the viewpoints of value, of market needs, and of competition. He was speaking at a provincial discussion meeting on economic and social development strategy.

He also said: Specifically speaking, at present quite a large number of enterprises have low standard of management and poor economic results. This is because the enterprise leaders have a low level of operational policymaking and cannot meet the changes in market needs or adapt to competition. We have stressed many times that it is essential to pay attention to market information, advocate competition, and bring into play the role of intellectuals.

However, generally speaking, not much has really been done in these respects. Hence, to improve economic results, it is imperative that we improve the quality of the enterprises and straighten out the guiding thinking of the enterprise leadership.

Speaking on the strategic focal points of Sichuan's economic development, Yang Xizong said: During the Seventh 5-Year Plan, we should first base our efforts on modifying and expanding the existing enterprises, and also pay attention to grasping work in the following respects: 1) Develop energy, communications, raw materials, and telecommunications. 2) Develop urban and rural collective enterprises and tertiary industry. 3) Develop new sectors such as microelectronics, biological engineering, optical fibers, and new raw materials.

XIZANG COMMENTARY ON IMPROVING PASTURELAND WORK

HK020317 Lhasa Xizang Regional Service in Mandarin 0500 GMT 1 Mar 85

[Station commentary: "Strengthening Building of the Pastures Is an Important Key Link in Promoting Animal Husbandry"]

[Excerpts] In concentrating efforts on animal husbandry, it is essential to strengthen the building of the pastures. Since the 3d Plenary Session of the 11th CPC Central Committee and since implementing the important central instructions on work in Xizang, the pastoral areas in the region have instituted various types of responsibility systems in animal husbandry and set up a relatively scientific system of caring for and using the pastures. Most areas have basically controlled damage done to pastures by rodents and insects. Some basic and artificial pasturelands covering a considerable area have been established. Production conditions have improved and the production level has risen.

However, developments are very uneven. At present the practice of everybody eating out of the same big pot still prevails in the use of pastureland in some places. As a result no one is caring for the pastureland, management of grazing is unplanned, and grazing is undertaken in a forcible and indiscriminate way. As a result there has been serious deterioration on many pastures; their production capability has declined, and there are outstanding contradictions between the amount of grass and the number of animals. This has a very great impact on developing animal husbandry as quickly as possible.

In view of this, the party committees and government at all levels, especially in prefectures and counties focusing on animal husbandry, must put grasping pasture building on the party and government agenda and strengthen leadership over it. It is necessary to further eliminate leftist influences, correct the erroneous method of only paying attention to increasing the number of livestock without paying attention to pasture building, and solve the problem of everybody eating out of the same big pot in the use of pastures. Powers over the use and management of pastures must be rapidly worked out for the townships, villages, and herdsmen households. In particular, winter and spring pastures must be allocated to households, combinations of households, or natural villages for management. This system must be maintained for a long time. This will stimulate the herdsmen's enthusiasm for pasture building.

SHANXI TO SEND TEAMS TO CHECK NEW MALPRACTICES

HK030600 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 28 Feb 85

[Text] In order to resolutely correct the new unhealthy trends in the provincial organs and in party and government organs, mass organizations, and state-run enterprises in all prefectures and cities, the provincial CPC Committee and government yesterday dispatched eight inspection teams to the provincial organs and all prefectures and cities.

Since the 3d Plenary Session of the 12th CPC Central Committee, the comrades of all fronts of the province have resolutely carried out reforms, resulting in an unprecedently excellent situation in the political and economic fields. However, because some comrades in our party have failed to reach a consensus in their ideological understanding of the reform and some localities and departments have failed to pay attention to the overall situation of reform, there have appeared some prevalent new unhealthy trends, such as some party and government cadres engaging in business and running enterprises, speculating, and making illicit profits by taking advantage of their power; wantonly increasing prices in violation of the relevant policies; issuing award money, material objects, and clothing and under all sorts of pretexts; and willfully promoting cadre and staff members. Although the CPC Central Committee and the State Council have repeatedly issued orders and the provincial CPC Committee and government have held a provincial-level telephone conference to stress correcting the new unhealthy trends, a handful of units still persist in their old ways even today. In view of this, the provincial CPC Committee and government have decided to dispatch inspection teams to assist the local party and government organs in conducting investigation and study, in finding out the real situation, in grasping typical cases, and in laying stress on investigation and dealing with the new unhealthy trends in party and government organs at all levels, and among the working personnel of mass organizations and state-run enterprises so as to enforce all orders and prohibitions, to ensure the smooth progress of reform, and consolidate and develop Shanxi's excellent situation.

NI ZHIFU SPEAKS AT TIANJIN WORK CONFERENCE

SK010522 Tianjin City Service in Mandarin 0030 GMT 1 Mar 85

[Text] At the 28 February municipal united front and CPPCC work conference, Ni Zhifu, secretary of the municipal CPC Committee, pointed out: We should continue to implement the guidelines of the second plenary session of the fourth municipal CPC Committee, promote reform, and resolutely check the unhealthy trends emerging under the new situation so as to ensure the successful fulfillment of 1985's tasks for economic work and work in all other fields.

Ni Zhifu said: The major points of the CPC work adopted by the 2d plenary session of the 4th municipal CPC Committee are the specific arrangements for the municipality to implement the guidelines of the 3d Plenary Session of the 12th CPC Central Committee. The basic ideology running through these major points is reform. CPC committees at all levels should continue to implement the guidelines of the second plenary session of the fourth municipal CPC Committee, and define their own plans for their annual work. At present, we should first delegate due powers to enterprises, actually implement the State Council's 10-point stipulations concerning the expansion of enterprise autonomy, and actively find ways to simplify administrative procedures, delegate powers to lower levels, and better staff organizations so as to promote reform in the municipality. We should also conduct conscientious investigation and study of reform in other fields, and carry out reforms in line with the unified arrangements of the CPC Central Committee. [passage indistinct]

Ni Zhifu stressed: To ensure the smooth development of reform, we must resolutely check the unhealthy trends emerging under the new situation. Prior to the Spring Festival, the municipal CPC Committee and the municipal people's government held a municipal meeting of party members and cadres to adopt 10 emergency measures which have played an important role in checking new unhealthy trends. However, we should notice that a few units still refuse to observe laws and decrees. This is the most harmful malpractice at present. If we fail to correct this malpractice, it is absolutely impossible to effectively check other kinds of unhealthy trends. CPC committees at all levels must strive to observe decrees, and strictly implement all stipulations of the CPC Central Committee and the State Council and the measures of the municipal CPC Committee and the municipal people's government. As for units which are found to continually violate decrees and engage in malpractices, leaders of those units will be called to account. Those cases which are serious should be punished according to party discipline and state laws. Only by resolutely checking all kinds of unhealthy trends hampering and harming reform can we ensure the smooth development of reform.

Ni Zhifu said in conclusion: We should continue to develop the excellent situation of the municipality in order to ensure the successful fulfillment of 1985's tasks for economic work and work in other fields. We should cherish the current excellent situation, and make even greater efforts to develop industrial and agricultural production and all other items of work in line with the spirit of catching up with the advanced, and proceeding from a high standard. We should also take the initiative in our own hands, and fulfill to a high level and with efficiency all fighting goals set forth by the second plenary session of the fourth municipal CPC Committee.

TIANJIN TO IMPROVE FACILITIES FOR AGED RESIDENTS

OW011212 Beijing XINHUA in English 1157 GMT 1 Mar 85

[Text] Tianjin, March 1 (XINHUA) -- Tianjin is going to do more to take care of its 700,000 old people this year, according to Gao Enshen, deputy secretary general of the municipal committee on ageing.

The people over 60 years of age account for 8.94 percent of the city's population. According to Gao, the cares include:

-- Running a school for the aged with courses on health care, literature, history, calligraphy, painting and sociology;

-- Setting up a welfare foundation to raise money for undertakings in the service of the old people;

-- Designing and producing more garments, shoes and hats for the special needs of the old;

-- Running apartment houses for the widowed old people and setting up special clinics for them.

A special local decree on the protection of the rights and interests of the old people is being prepared in the city, Gao said. Average life expectancy of the local people rose to 73.3 years of age in 1983 from 40 in the early 1950s.

HEILONGJIANG HOLDS DISCIPLINE INSPECTION MEETING

SK020455 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 28 Feb 85

[Excerpts] Today, the provincial Discipline Inspection Commission and the provincial government held a meeting of responsible persons of provincial-level departments, commissions, and bureaus, the CPC committees, and party groups of the various colleges and universities in Harbin, and the discipline inspection commissions. The meeting called on all provincial-level units to resolutely implement the various policy stipulations of the CPC Central Committee and the State Council, to strictly enforce orders and prohibitions, and to play an exemplary and vanguard role in resisting and checking new unhealthy trends.

Zhang Lin, secretary of the provincial Discipline Inspection Commission, and He Shoulun, vice governor, attended and spoke at the meeting.

The meeting held that the whole province has a clear understanding of the guidelines of the CPC Central Committee and the State Council's decision on strictly forbidding party and government organs as well as party and government cadres to engage in commerce or to operate enterprises, has adopted an active attitude, and acted well in this regard. However, many problems still exist and much has to be done. The meeting held that it is necessary to exert greater efforts in order to check new unhealthy trends.

The meeting held that, at present, various new unhealthy trends are existing in our province of which some are fairly serious. For example, some party and government cadres have operated nonexisting companies and speculated on the rise and fall of prices. Some appropriated public funds to do business in an effort to gain profits. Some have engaged in trade in the name of their family members and children. Some retired cadres abused the powers they still had to join in commerce or to find jobs in enterprises. Some resold materials in short supply at a profit in order to reap staggering profits. Some arbitrarily raised prices to disrupt the market, issued bonuses and material objects under various pretexts, and used public funds to engage in lavish eating and wining or to give banquets and presents. Such unhealthy trends are very obvious.

The meeting held: Fundamentally speaking, the aforementioned unhealthy trends resulted from the fact that some comrades, including some leading cadres, failed to uphold the stand of the party and the country while discussing problems and managing things. They considered only partial benefits at the expense of the benefits of the whole, paid attention to immediate benefits at the expense of long-term benefits, stressed necessity at the expense of state strength, sought benefits from the state, exploited advantages in the course of reform, and harmed the public to benefit themselves. These are prominent manifestations of impure party spirit. If we fail to rapidly check these new unhealthy trends, they will harm the reform of the economic structure, prevent the party and government organs and the party and government cadres from playing their due roles, and affect the building of party style and discipline as well as the building of cadre ranks. If these unhealthy trends are allowed to spread unchecked, they certainly will disrupt the relationship between the party and the masses, corrode the party organs, and destroy some cadres in addition to damaging the prestige of reform and hindering the smooth advance of reform. In this connection, the party and government organs and cadres at all levels must be clear-minded, and adopt effective measures to resolutely check these unhealthy trends.

I. 4 Mar 85

P R C R E G I O N A L A F F A I R S
NORTHWEST REGION

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XINJIANG STRESSES ENFORCING ORDERS, PROHIBITIONS

HK030613 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 2 Mar 85

[Station commentary: "It Is Essential To Enforce Orders and Prohibitions"]

[Excerpts] The Central Discipline Inspection Commission recently issued a document stressing yet again that all areas and departments must resolutely carry out the regulations of the CPC Central Committee and State Council on resolutely curbing new unhealthy practices. It is essential to carry out an immediate check on the unhealthy trend of failure to implement orders and prohibitions and other new unhealthy practices and deal with them severely. The party organizations at all levels and all party members must unswervingly implement this instruction of the Central Discipline Inspection Commission.

At present the reform of economic structure is developing healthily in Xinjiang. This is an extremely complex task involving continual innovations. There is nothing to be afraid of in the appearance of a number of problems at the start caused by lack of experience, and these are not difficult to solve. The serious thing is that certain places, departments, and units fail to implement effectively the series of decisions and circulars issued by CPC Central Committee and State Council in order to correct the new unhealthy practices. They even act as they please and indulge in various malpractices that endanger the smooth progress of reform.

For instance, the central authorities have repeatedly stated that party and government organs and cadres are not permitted to run businesses and enterprises. However, some organs and cadres cling obstinately to their course, continue to participate in running businesses, and engage in speculation for profit. The central authorities have repeatedly banned indiscriminate price hikes that violate policies. But some units and individuals have completely ignored this and continued to raise a wind of price hikes. The central authorities have repeatedly opposed the random payment of cash and goods in kind as bonuses under various pretexts. But some units and cadres have feigned compliance and come up with all kinds of excuses for continuing to randomly issue various goods in kind and subsidies. In short, orders and prohibitions are not being enforced.

To ensure the smooth progress of reform of the economic structure, the party organizations and members throughout the region must take the overall situation into account and wholeheartedly serve the people. They must strictly act according to party principles and policies.

XINHUA DETAILS 'CRIMINAL ACTS' Of TAIWAN AGENT

HK010424 Beijing XINHUA Hong Kong Service in Chinese 1312 GMT 28 Feb 85

[Report by Lang Jing and Lin Jian: "Residue Floating Up -- Criminal Acts of Taiwan Agent Xin Peiwen"]

[Text] Beijing, 28 Feb (XINHUA) -- One day in June last year, the KMT spy station in Taiwan transmitted an electronic wave which passed through numerous mountains and rivers on the mainland and reached Beijing. With an intriguing tone, the KMT spy station in Taiwan called out a hidden agent with the assumed name of "Lu Jie," expressing "deep esteem" for his "work spirit and courage" and wishing him "success" in his work.

Holding a receiver, this "Lu Jie" pricked up his ears to listen to the weak sound transmitted by the spy station in Taiwan. The spy was in his master's good graces, and he got about 1,900 yuan for spy funds. The KMT spy organization in Taiwan also sent him cameras, radios, and so on for carrying out spy activities. "Lu Jie" was immersed in a fond dream of "meteoric rise" because of all this.

This "Lu Jie," a KMT spy with the rank of "lieutenant colonel" and a code name of "8578," is 46 years old this year. His real name is Xin Peiwen. He has been in contact with the KMT spy organization in Taiwan since October 1983. He has also been admitted into the organization. At that time, a KMT spy who was hidden in a certain country got in touch with Xin Peiwen with the help of a foreign businessman who came to China to hold trade talks. Xin Peiwen was drawn into the spy organization. The spy organization asked somebody to teach him how to make secret contacts, and brought him instruments for carrying out espionage activities such as intelligence written in invisible ink, developing techniques, and so forth. In accordance with the instructions issued by the KMT spy organization in Taiwan, Xin Peiwen carried out a series of disreputable activities such as collecting information, inciting defection, and so forth.

When we look at his history, we find that Xin Peiwen was a degenerate and indecent person who took liberties with women. He was once imprisoned because of acting indecent toward a young girl. However, the KMT organization in Taiwan took a fancy to such a person. After joining the KMT spy organization in Taiwan, this shameless person, Xin Peiwen, could gratify his desire to lead a life of debauchery and wallowing in luxury and pleasure.

The master and his flunky were banded together. Although they harbored their own sinister designs, they joined in villainy. To get more rewards, Xin Peiwen was willing to go through fire and water. To him, the great cause of the reunification of the motherland was not as important as wine and beautiful women. In accordance with the instructions issued by the KMT organization in Taiwan, he energetically carried out espionage activities. He tried to discover secrets everywhere. He gathered China's military, political, and economic information, and stole various kinds of materials needed by the spy organization. He even asked somebody to transfer to the spy organization a confidential document issued by the General Office of the CPC Central Committee.

Xin Peiwen did all he could for the KMT organization in Taiwan. Of course, his master gave him many rewards. In May 1984, after getting a 20-inch color TV set, he was again appointed by the KMT spy organization in Taiwan as a "lieutenant colonel" with a monthly salary of \$345.

However, when he was trying, in line with his new instructions, to exert all-out efforts to gather military and political information of the mainland such as "important internal documents issued by the CPC Central Committee for cadres," operational regulations of the Air Force," and others, to develop the spy organization, and to instigate pilots of the Air Force to defect, scouts of the state security bureau in Beijing appeared in front of him. He was paralyzed with fear. He had never thought that his fond dream of a "meteoric rise" would be destroyed so suddenly. This criminal, who undermined the reunification of the motherland, has now been punished according to the law.

XINHUA TRACES HISTORY OF TAIWAN AGENTS CASE

HK010400 Beijing XINHUA Hong Kong Service in Chinese 1424 GMT 28 Feb 85

[Report by Lang Jing and Lin Jian: "Nasty Acts -- the case of Taiwan Agents Su Mao and Li Qiang From Beginning to End" -- XINHUA headline]

[Text] Beijing, 28 Feb (XINHUA) -- Five years ago, in December 1979, Su Mao was delighted to receive a letter from a certain country written to him by a female friend named "Cheng Rong." The sweet words and phrases in the letter made Su Mao agree to reestablish contact and become "good friends" with her without hesitation.

Who was "Cheng Rong?" After investigation and verification, it was found that "Cheng Rong" was an agent sent by a Taiwan KMT organization to the country. Disguised as a student and together with her fellow agents, she conducted agent activities such as information gathering and inciting students and personnel whom China sent to that country to defect. Su Mao became "Cheng Rong's" next target.

As far back as 1978, Su Mao was regarded as a prospective candidate to win over by a Taiwan KMT agent who came to conduct activities in the mainland. Su Mao is now 27 years old and was formerly an instrumentalist and acting administrator of the orchestra of the Beijing ballet troupe. Later, he smuggled and committed fraud and gathered people to gamble. However, the Taiwan KMT agent organization settled on this "prodigal," thought that he was a promising candidate, and therefore directed "Cheng Rong" to use her female charms to ensnare Su Mao and recruit him into its contingent that concentrated on doing shameful deeds.

An exchange of letters gradually deepened their "friendship." After exchanging letters for more than a year, Su Mao finally made actual contact with "Cheng Rong" in 1982 through his uncle Li Qiang who went abroad to perform.

Li Qiang, who was of the same character as Su Mao, brought Su Mao's gifts to "Cheng Rong" and was warmly received by her and her so-called brother "Cheng Li." Through their contacts, the two Chongs found that Li Qiang was as obsessed with the desire for gain as Su Mao. Therefore, shortly before Li Qiang's return, they arranged for him to attend a ceremony to join the agent organization at a hotel there. Li Qiang and the two "Chengs" signed a written oath on joining the agent organization, which had been prepared beforehand. He was immediately paid a sum of foreign money. This was audio and video recorded and photographed by the two "Chengs," and the records and photographs were kept in the files of the Taiwan agent organization.

When Li Qiang returned to the mainland, he relayed the instructions of the agent organization to Su Mao. Su Mao was a man who regarded money and women as his gods. He immediately wrote a letter to "Cheng Rong," following the method of secret contact stipulated by the agent organization, expressing his willingness to join the agent organization and asking for a monthly salary of 1,000 yuan.

Su Mao then followed the instructions of the agent organization to "gather information about the meeting of the CPC Central Committee, inside information, information about changes in the jobs of central leaders," and so on. He time and again wrote to the two "Chengs" in invisible ink to supply them with such information and asked them to pay 1,700 yuan renminbi for his agent activities.

In September 1984 when **Su Mao** and **Li Qiang** were dreaming about money and women, they **were arrested**. In the face of ironclad evidence, **Su Mao** and **Li Qiang** found it **impossible to deny their crimes**.

In this report about the agent case, we should also tell our readers that "Cheng Li," **who played a shameful role in this case**, was an agent to Taiwan intelligence agency sent **to a certain country**. For many years, disguised as a student, businessman, or post-graduate student, he carried out agent activities among the students and workers sent abroad by the mainland to incite detection, gather information, and recruit agents. **At the instructions of the Taiwan authorities**, Cheng Li and his like adopted the trick that Taiwan KMT agents used in order to undermine the great undertaking of the **reunification of our motherland**. They will certainly be cast aside by the Chinese people.

COMMENTARY STRESSES STRATEGIC IMPORTANCE OF PACIFIC

OW022112 Taipei Domestic Service in Mandarin 2300 GMT 1 Mar 85

[Station commentary: "The Changing Situation and Crises of the Pacific"]

[Text] Dear listeners: U.S. Assistant Secretary of Defense for International Security Affairs Armitage said in an important speech on 25 February that improvements in ocean shipping and in international communications have made the Pacific a great union and that its growing importance makes the security of its lines of communication ever more important to the security of the United States and of the other Pacific nations. He said: The Soviet Union's military forces in the Far East have seriously threatened the lines of communications in this region and have directly threatened U.S. territory. The speech by Armitage in the capacity of a senior defense official, of course, fully reflects the official views as well as the foundations of U.S. policy.

The United States is surrounded by the two oceans. More than the Atlantic, the Pacific is the region where the security, international influence, and many other practical interests of the United States converge. In nearly a century of operations in the Pacific, the United States has established a collective security system. Since World War II it has established powerful military forces, becoming the leader of concerned countries and regions of the Pacific. At the same time, the Hawaiian Islands in the Pacific, Alaska, and Panama in Central America have become the iron triangle for the U.S. defense lifeline, which cannot be threatened from any angle. The grave sacrifices and dear price the United States had to pay during the war against Japan in World War II and the subsequent Korean and Vietnam wars amply prove that the basic policy of the United States is to do its utmost to safeguard the security of the Pacific in order to protect U.S. interests.

Since the fall of the Chinese mainland, Soviet Russia's influence has penetrated the Pacific. In the initial stage, Soviet Russia invaded and occupied four Japanese islands and made them naval and air bases, actively built up the Vladivostok base, and doubled the track of the Siberian railway. Betraying the country in the 1950's, the Chinese Communists allowed Soviet Russia to expand its many military bases in northeastern China near the Pacific coast. Acting imprudently and out of ignorance, U.S. President Carter hastily recognized the Chinese Communists in 1980 with the vain hope of aligning the bandits to restrain Russia, which reacted strongly at once on the Indochinese Peninsula. After sparing no effort to help the Vietnamese Communists take over Vietnam and invade Cambodia, Soviet Russia obtained the right to use Vietnam's Cam Ranh Bay at a price of over \$1 billion a year. Currently, Cam Ranh Bay is Soviet Russia's largest naval and air base and transportation relay station from Vladivostok in the north to the Indian Ocean in the south. From there they are capable of blockading the Strait of Malacca, cutting U.S. lines of communication in the Pacific and the Atlantic, and closing the sealanes in northeast and southeast Asia at anytime. Meanwhile, the strength of Soviet Russia's Pacific fleet has increased at least to five times that of the 1970's.

The United States is facing a serious challenge in the Pacific. Moreover, the discord between the United States and New Zealand has caused a breach in the 34-year-old ANZUS joint defense system. (?The situation in the Philippines) has further prompted the United States to announce, through Secretary of State Shultz, its all-out support for the Marcos government. However, the unfavorable situation is quite obvious.

Regrettably the unparalleled importance of our Taiwan and Penghu bases has not been correctly and justly assessed today when the United States is facing a difficult situation in the Pacific.

From the Ryukyu Islands to Japan in the north and from the South China Sea to Vietnam's Cam Ranh Bay in the south, the Taiwan and Penghu bases form a link between two natural strategic curves. From Vladivostok to the Penghu Islands in the north, these bases encircle China's Yellow Sea and the East China Sea and control, from a distance, Soviet Russia's Vladivostok and Communist China's Dairan, Lushun, Tsingtao, and Shanghai. Moreover, the bases can make the South China Sea in the south a continental sea and thus restrain Fuchow, Amoy, Whampoa, the Hainan Strait, and Cam Ranh Bay. With its strategic location between the two curves plus the crack ground, naval, and air forces of the Republic of China, Taiwan and Penghu are the firm mainstay in the Pacific and provide the United States the largest defense screen for protecting the Pacific.

What is hard to understand is that although many far-sighted people in the United States have consistently called for stepping up arms sales to Taiwan, for providing us with new fighters and other equipment to make us a resistant force against Soviet Russia in the Pacific, they have been opposed by a few near-sighted politicians with ulterior motives, thus keeping the U.S. Administration from being able to go all out to fulfill relevant articles in the Taiwan Relations Act. These politicians are so ignorant and selfish that they have frequently interfered in our country's (?internal affairs) by threatening to stop arms sales.

Their extremely unwise behavior not only undermines Sino-American friendship but also violates American interests. Nevertheless, we are convinced that justice will ultimately triumph over evil. We will by no means be frustrated or disappointed by adverse currents. The whole situation has been developing in a direction favorable to us. We will work even harder to play an even more important and active role on eve of the advent of the century of the Pacific.

NATIONAL DEFENSE TECHNOLOGY COMMITTEE ESTABLISHED

OW031451 Taipei CNA in English 1436 GMT 3 Mar 85

[Text] Taipei, Mar. 3 (CNA) -- The Ministry of National Defense of the Republic of China announced Sunday the establishment of the promotion committee of national defense technological development. The committee, a recently organized high-level agency of multi-ministry, is responsible for the planning of an integrated national defense technological development scheme so as to strengthen the development of national defense, according to the ministry.

In order to accelerate the nation's defense technological development, the central government has instructed the Ministry of National Defense and the National Science Council, as well as other related government agencies to jointly organize the committee, the ministry added. The improvement and innovation of weapon systems of the Chinese Armed Forces and the research and development of technologies are two basic government policies to strengthen the nation's defense capability.

COMMERCE COOPERATION PACT WITH CANADA SIGNED

OW011133 Taipei CNA in English 0940 GMT 1 Mar 85

[Text] Taipei, March 1 (CNA) -- The Chinese National Association of Industry and Commerce and the Canadian Chamber of Commerce Thursday signed the agreement of cooperation for the establishment of joint committee in Canada and the Republic of China.

Koo Chen-fu, chairman of the Chinese National Association of Industry and Commerce, and H.D. Wyatt, a Canadian banker who was formerly chairman of the Canadian Chamber of Commerce, signed the agreement on behalf of their respective organization. Wyatt, heading a Canadian trade mission, arrived in Taipei Feb. 25 for a trade promotion tour here.

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